

BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Proceeding on Motion of the Commission as to the Rates,
Charges, Rules and Regulations of Consolidated Edison
Company of New York, Inc. for Electric and Gas Service.

Case 25-E-0072, 25-G-0073

June 2025

Rebuttal Testimony of:

Information Technology Panel

Kamran Ziaee
4 Irving Place
New York, New York, 10003

Shakira Wilson
4 Irving Place
New York, New York, 10003

Allisyn Glasser
4 Irving Place
New York, New York, 10003

Joseph Miller
4 Irving Place
New York, New York, 10003

Jeannine Haggerty
4 Irving Place
New York, New York, 10003

Michael Murphy
31-01 20th Ave.
Astoria, New York, 11105

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2 Q. Would the members of the Information Technology (IT) Panel
3 (Panel) please state your names?

4 A. Our names are Kamran Ziaee, Joseph Miller, Shakira Wilson,
5 Jeannine Haggerty, Allisyn Glasser, and Michael Murphy.

6 Q. Have any panel members previously submitted testimony in
7 this proceeding?

8 A. Yes. We, the Panel, submitted initial and update testimony
9 in this proceeding.

10

Purpose

11 Q. What is the purpose of the Panel's rebuttal testimony?

12 A. This testimony responds to the testimony and adjustments
13 recommended by Department of Public Service Staff witness
14 Andrew Carpenter (Staff), the Staff Markets and Innovation
15 Panel, the New York City (NYC) Electric Infrastructure
16 Panel and Policy Panel; and New York Energy Consumers
17 Council (NYECC) witness Andy Anderson, and AGREE.

18 To the extent that an issue is raised by Staff or
19 intervenors but not addressed specifically by this Panel,
20 the positions stated therein should not be viewed or
21 considered to have been accepted by the Company.

22 Q. How is this testimony organized?

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1 A. This testimony provides an overview of Con Edison's IT
2 strategy, IT infrastructure, Business Applications, and the
3 lifecycle of IT products and platforms. The Company then
4 addresses the methodologies used for project scoping and
5 contingency planning, as well as the relationship between
6 capital and O&M costs. The Company also addresses Staff's
7 reduction methodologies, providing clarity on how the
8 Company scopes and adds contingency to its projects and
9 programs. Further, the Company addresses Staff's
10 assumptions on IT's project management labeling in relation
11 to the EPMO, quality issues in its initial testimony, and
12 quality issues with Staff's testimony; and speaks to
13 recommendations regarding reporting. Finally, the Company
14 addresses the party's recommendations associated with each
15 adjusted project.

16 Q. Do you have any exhibits that accompany this testimony?

17 A. Yes, the IT Panel is presenting 5 new exhibits,
18 Exhibit___(IT-13) through Exhibit___(IT-17).

19 Q. Were these exhibits prepared under the Panel's direction
20 and supervision?

21 A. Yes. The Panel describes each of these exhibits below and
22 will refer to them in our testimony:

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1 unauthorized access. As digital infrastructure becomes more
2 integral, cybersecurity provides the integrity,
3 confidentiality, and availability of information assets. It
4 encompasses practices, tools, and policies to safeguard
5 data, mitigate risks, and prevent breaches through
6 controls, monitoring, and reducing vulnerabilities. By
7 embedding cybersecurity into IT frameworks, Con Edison
8 enhances resilience against threats, complies with
9 regulations, and maintains customer and stakeholder trust,
10 thereby forming a foundation for secure and reliable
11 operations. Specific cyber projects are covered in the
12 Cyber and Physical Security Panel, ensuring all IT
13 components meet security requirements.

14 Q. Is cybersecurity a byproduct of the Company's proposed
15 projects and programs?

16 A. No. Cybersecurity is not a byproduct of these projects and
17 programs. Rather, cybersecurity is an integral part of how we
18 design, operate and manage IT infrastructure, applications
19 and services. The Company used the term "byproduct" in its
20 initial testimony merely to note that the Cyber and Physical
21 Security Panel would describe projects and programs where
22 cybersecurity is a primary driver, while the IT Panel would
23 address IT projects and programs where cybersecurity elements

1 are a noted benefit but not the primary driver. To be clear,
2 cybersecurity is not a bolt-on, it is the strategic core of
3 IT.

4 **Key Components of IT Infrastructure**

5 Q. What is IT infrastructure and what are its key components?

6 A. IT infrastructure consists of hardware, software,
7 networking components, and services to manage and deliver
8 IT services. IT infrastructure serves as the foundation to
9 run and operate applications, and includes servers, storage
10 systems, mainframe systems, network devices, operating
11 systems, and applications that facilitate business
12 operations and communications. It provides application and
13 communication reliability, scalability, and security.

14 Q. Please describe what is meant by hardware.

15 A. Hardware refers to the physical components of a computer or
16 IT system, including devices such as central processing
17 unit(s) (CPU), memory, servers, storage, mainframe,
18 laptops, desktop tablets, and peripherals, such as
19 keyboards and monitors. Hardware enables computing tasks.

20 Q. Please explain infrastructure software.

21 A. Infrastructure software is comprised of:

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- 1 • Operating systems on laptops and desktops;
- 2 • Server and storage management systems;
- 3 • Server virtualization tools;
- 4 • Backup and recovery technology;
- 5 • Mainframe management systems;
- 6 • Network operations tools; and
- 7 • Cybersecurity tools to protect devices and networks.

8 Q. Does the Company have a mainframe system?

9 A. Yes. However, as networking and cloud computing have grown
10 over the years, the Company has moved most of its systems
11 from the mainframe - as mainframes do not have the
12 computing power that networks and clouds do. It is also
13 becoming more difficult to hire programmers that know
14 mainframe languages.

15 Q. What is the Company's plan for its mainframe?

16 A. The Company plans to decommission the mainframe by December
17 2028, after the remaining mainframe applications and data
18 are fully migrated to new platforms.

19 Q. What is networking?

20 A. Networking connects computers and devices to share
21 resources, including data, and communicate with one
22 another. The Company uses various networking technologies,
23 including fiber optics networks, Local Area Networks (LAN),

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1 Wide Area Networks (WAN), and Voice Over IP (VOIP) to
2 support operations. This technology allows for information
3 exchange within local networks or over the internet,
4 including emails and file transfers.

5 Q. What is an on-premises data center and does the Company
6 have on-premises data centers?

7 A. On-premises (or on prem) refers to IT infrastructure and
8 software that are hosted and managed within an
9 organization's physical data center, rather than being
10 accessed through the cloud. This setup requires the
11 organization to maintain its own infrastructure. The
12 Company has four on-premises data centers.

13 Q. Are data centers part of IT infrastructure?

14 A. Yes. Data centers are a critical part of IT infrastructure,
15 housing applications, servers, storage systems, and
16 networking equipment.

17 Q. What is meant by cloud computing?

18 A. The cloud is a network of remote servers that store,
19 manage, and process data over the internet. The cloud
20 allows users to access resources and services on-demand.
21 The cloud enables scalable computing power and storage
22 without the need for an on-premises data center

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1 infrastructure and networking, thereby, facilitating
2 flexibility and cost-efficiency. Cloud services are
3 provided by major technology vendors, such as Microsoft,
4 Amazon Web Services and Google. Cloud providers operate and
5 maintain these platforms and data centers, including
6 performing upgrades and patching, without requiring any
7 user actions.

8 Q. What is the Company's data center and cloud strategy?

9 A. The Company's strategic approach is to migrate and
10 consolidate workloads within existing data center
11 footprints, while also transitioning workloads and
12 modernizing applications. The goal is to maximize resource
13 utilization within the current infrastructure and update
14 and modernize applications to be able to use the cloud. As
15 an example, the Company migrated our EBS application to
16 cloud servers, enabling the Company to free up our on-
17 premises data center footprint for new workloads. Balancing
18 workload and migrating from the data center footprint is
19 essential to reducing the need to build a new data center,
20 at an approximate cost of \$50 million.

21 Q. How do IT infrastructure components support business
22 applications?

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1 A. IT infrastructure components provide the necessary
2 resources and connectivity that enable business
3 applications to operate efficiently and reliably.

4 **Key Components of Business Applications**

5 Q. What are business applications?

6 A. Business applications are software programs designed to
7 perform specific tasks or functions for users to manage
8 work, both administratively and operationally. They can
9 range from a single department application to complex,
10 multi-department applications. Examples include a Law
11 Department Work Management platform that may have ten
12 integrations to other applications for Law to manage its
13 day-to-day work, to our Finance platform that has very
14 complex processes and hundreds of integrations and controls
15 for the accurate creation of the Company's financial
16 statements.

17 Q. Does the Company have an overall IT strategy for
18 applications?

19 A. Yes. Our IT strategy consists of two main approaches: (1)
20 we purchase and implement enterprise-wide solutions that
21 enable our business units to efficiently manage day-to-day
22 operations, and (2) when suitable solutions are not

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1 available in the industry, we develop applications
2 internally to address specific needs within our business
3 units.

4 Q. What is meant by an enterprise-wide solution?

5 A. An enterprise-wide solution refers to software or platforms
6 provided by large vendors, such as Microsoft (M365) or
7 Oracle (which include applications like HR, Payroll,
8 Finance, Supply Chain, and Billing), that are implemented
9 across the entire Company. As noted in our initial
10 testimony, we are standardizing and transitioning to these
11 larger platforms. For example, enterprise standards include
12 Oracle's Human Capital Management, IBM's Maximo Work and
13 Asset Management and Esri GIS platforms. These platforms
14 are used by many employees to do their daily work.

15 Q. How do business applications fit into the overall IT
16 process?

17 A. Business applications integrate with IT infrastructure and
18 other systems for smooth data flow and operational
19 efficiency. These applications collect and analyze data,
20 providing interfaces and functionality for end users that
21 inform decision-making and strategic planning. Throughout
22 their lifecycle, they are managed by IT teams for security,

1 compliance, and alignment with business goals. Business
2 applications such as Oracle EBS Finance and Supply Chain,
3 Oracle Human Capital Management (HCM), Oracle Customer Care
4 and Billing (CC&B), Oracle's Outage Management System
5 (OMS), and IBM's Maximo Work & Asset Management platforms
6 are examples of enterprise platforms that are key parts of
7 the IT process.

8 **Infrastructure and Application Maintenance**

9 Q. Must IT applications and infrastructure be upgraded and/or
10 patched?

11 A. Yes. Applications and infrastructure require regular
12 maintenance, including upgrades and patches, to maintain
13 optimal performance, security, and compliance. These
14 updates enhance functionality, fix vulnerabilities and
15 defects, maintain system reliability and compatibility with
16 evolving technology and infrastructure, and reduce the risk
17 of data breaches. Staff's testimony suggests that upgrades
18 allow for a la carte choosing of features that will be
19 included in a given upgrade, which is generally not the
20 case.

21 Q. What is an update?

1 A. An update is the process of enhancing software or hardware
2 according to the vendor's roadmap, typically including
3 improved security, performance enhancements, and new
4 features. Regular updates are essential for maintaining
5 vendor support, staying current with supported technologies
6 (operating systems, databases, programming languages,
7 etc.), and protecting against potential cybersecurity
8 threats.

9 Q. What is a patch?

10 A. A patch is a software update designed to address specific
11 issues, vulnerabilities, or bugs in applications, operating
12 systems, databases, or hardware (such as routers and
13 firewalls). Vendors regularly release patches and applying
14 them is critical for maintaining system security and
15 stability, as they help protect against cyber threats and
16 can also enhance overall performance.

17 **Lifecycle Management of IT Products and Platforms**

18 Q. How do IT product lifecycles relate to business
19 applications?

20 A. IT product lifecycles are closely related to business
21 applications because they effectively manage the technology
22 supporting these applications throughout its lifespan. This

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1 lifecycle management encompasses planning, development,
2 deployment, maintenance, and retirement of IT products and
3 platforms. A well-managed IT lifecycle provides the stable
4 and reliable infrastructure that business applications
5 depend on to operate smoothly. By keeping IT products
6 updated and secure, lifecycle management aligns business
7 applications with organizational goals, ultimately
8 improving processes.

9 Q. What is the IT infrastructure and networking lifecycle?

10 A. Similar to application product lifecycles, this lifecycle
11 includes planning, development or configuration, deployment
12 maintenance, optimization, and retirement.

13 Q. What is the lifecycle of IT products and platforms?

14 A. The lifecycle of IT products and platforms varies based on
15 factors, like vendor support, technology, business
16 requirements, and the pace of technological advancements.
17 Most vendors typically support their products and platforms
18 for two to five years, during which they release new
19 versions. Organizations regularly assess their IT products
20 and platforms to confirm they remain effective, reliable,
21 secure, and aligned with strategic objectives.

22 Q. What is a vendor roadmap?

1 A. A vendor roadmap is a strategic plan outlining a vendor's
2 planned future product developments, features, and
3 enhancements over a specified timeline and it provides
4 dates as to when their platform will not be supported. The
5 roadmap provides insights into the vendor's priorities,
6 goals, and direction, and helps customers understand how
7 the vendor intends to evolve its offerings to align with
8 market trends. IT and business units leverage these
9 roadmaps to properly plan for either upgrades or migration
10 to new platforms and incorporate those costs into our long
11 term plan.

12 Q. Do these products and platforms become obsolete over time?

13 A. Yes. Given the pace of computing evolution, products become
14 obsolete within two to five years. As products and
15 platforms become obsolete, operational issues and
16 vulnerabilities associated with the product become more
17 frequent. As new technologies emerge, older systems may no
18 longer meet current demands or integrate effectively.
19 Regular updates and assessments are essential to mitigate
20 obsolescence risk.

21 **Software Development Lifecycle**

22 Q. Please explain the software development lifecycle.

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1 A. As discussed above, the Software Development Lifecycle
2 (SDLC) consists of several key phases: design, build, test,
3 implementation stabilization, and maintenance and support.

4 Q. Please explain each phase of the SDLC at a high level.

5 A. The phases are:

- 6 • The **design** phase identifies, defines, and documents IT
7 project requirements.
- 8 • The **build** phase involves constructing and deploying the
9 planned solution through software installation, hardware
10 configuration, and data migration.
- 11 • The **testing** phase validates the solution through unit,
12 integration, and user acceptance testing to address any
13 issues.
- 14 • **Implementation** focuses on user training and support for a
15 smooth transition to the new system.
- 16 • **Stabilization** occurs immediately after implementation,
17 when a new system or application has moved into the live
18 production environment and generally lasts three months.
- 19 • **Maintenance and support** refer to the ongoing activities
20 that occur once a system or application has been
21 implemented and stabilized.

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1 Q. Are there different methods of implementing software
2 products and system?

3 A. Generally, there are two methods of implementing software
4 products and systems - Waterfall and Agile, both of which
5 fall within SDLC.

6 Q. Please explain Waterfall and Agile methodologies.

7 A. Waterfall and Agile approach process differently:

- 8 • Waterfall framework is a traditional project
9 management approach that follows a linear and sequential
10 process. A plan is developed and agreed to by all parties
11 to the project. Each phase must be completed before
12 moving on to the next. Waterfall adheres strictly to the
13 initial scope and requirements, making it less flexible
14 in adapting to changes during the project lifecycle.
- 15 • The Agile framework looks at the overall process but
16 takes changes one step at a time, allowing flexibility
17 for iterative changes. It emphasizes flexibility,
18 collaboration, and continuous improvements.

19 Q. What project management framework does the Company use to
20 implement an IT project?

21 A. The Company uses both frameworks, depending on the project
22 or system.

23 Q. When does the Company use Waterfall framework?

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1 A. Our large enterprise platforms, such as HR, Payroll,
2 Billing, GIS, Finance, and Supply Chain, initially follow
3 the Waterfall approach. Once the platform(s) is built and
4 operational using Waterfall, we move to the Agile
5 methodology to enhance and evolve the system through
6 iterative improvements and ongoing collaboration with
7 stakeholders.

8 Q. Does the Company agree that using an Agile framework is a
9 relevant justification for reducing project scope to fit
10 within Staff's recommended budget?

11 A. No. While the Agile framework allows for quicker re-
12 prioritization and easier scaling than a Waterfall-managed
13 project, using Agile should not affect program funding.
14 While Agile may reprioritize the order in which items are
15 handled, all required project elements must still be
16 completed. For example, in DCX, we reprioritized a
17 Financial Assistance tool to help customers better manage
18 their energy costs but still implemented a feature to
19 provide a Spanish version of energy savings tips in a
20 subsequent release.

21 **Overview of Artificial Intelligence**

22 Q. What is meant by Artificial Intelligence (AI)?

1 A. Artificial Intelligence (AI) refers to machines simulating
2 human intelligence, e.g., the machines are programmed to
3 think, learn, and perform tasks that would otherwise
4 require human cognition, such as problem-solving, language
5 understanding, and decision-making. It is comprised of
6 various technologies, including machine learning (ML),
7 Generative AI (GenAI) and Agentic AI.

8 Q. Explain ML, GenAI and Agentic AI.

9 A. These three categories are types of AI:

- 10 • ML is a subset of artificial intelligence that enables
11 systems to learn from data, identify patterns, and make
12 decisions or predictions. It uses algorithms to improve
13 its performance as it processes more data over time. Con
14 Edison uses ML for identifying possible safety
15 conditions, forecasting call center volumes and
16 optimizing staffing, and understanding impacts of new
17 grid technologies to support the clean energy transition.
- 18 • Generative AI is a type of artificial intelligence that
19 creates content, like new text, images, or videos.
- 20 • Agentic AI is a type of AI that can act autonomously and
21 make decisions based on its understanding of the
22 environment. It performs tasks, solves problems, and
23 adapts to new situations without human intervention,
24 leveraging machine learning and reasoning capabilities.

25 Q. What is a large language model (LLM)?

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1 A. LLM is a type of artificial intelligence algorithm designed
2 to understand and generate human language. By analyzing a
3 wide variety of data, it learns to predict and create
4 coherent, contextually relevant responses, making it useful
5 for writing, translation, and conversation. These LLMs can
6 be found and accessed on AI platforms offered by companies
7 like Microsoft and Google.

8 Q. Has Con Edison implemented ML, Gen AI or Agentic AI
9 systems?

10 A. The Company has implemented applications that use ML for
11 predictive analytics. The Company is in the early stages of
12 developing generative AI pilots. The Company has not
13 implemented Agentic AI systems.

14 Q. Does the Company's use of AI make Company data available to
15 the public?

16 A. No. Company data is not used for training models that are
17 accessible by the public. Further, the outputs of models
18 that use Company data are not made accessible to the
19 public.

20 Q. Are vendors including AI in their technology?

21 A. Yes. AI is rapidly becoming a standard feature in
22 enterprise platforms, incorporating native AI capabilities

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1 into upgrades. As a result, organizations have no choice
2 but to adopt AI in vendor offerings. For example, in
3 future upgrades, Oracle HCM will use Gen AI to help HR
4 professionals quickly compose content for various tasks,
5 such as performance reviews and job postings to streamline
6 day-to-day tasks. In addition, IBM's Maximo Work and Asset
7 platform will use AI models to analyze historical data to
8 predict when equipment is likely to fail, allowing for
9 proactive maintenance. This helps in reducing downtime and
10 extending the lifespan of assets.

11 Q. Can the Company choose to not use AI?

12 A. No. Depending on the platform, AI will be embedded in
13 upgrades.

14 Q. Does the Company have an AI governance process?

15 A. Yes. The Company has implemented an AI governance process
16 designed to provide responsible and secure use of AI
17 technologies. IT evaluates all AI requests through a
18 process known as Corporate Request for Evaluation and
19 Approval of Technologies (CREATE).

20 Q. Please discuss AI development.

21 A. AI development follows the same SDLC process as
22 applications. Testing is required prior to deploying AI

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1 solutions. The testing phase validates the solution through
2 unit, integration, and user acceptance testing to address
3 any issues and identify potential bias. This validation is
4 required to understand the outputs of these solutions.

5 Q. Please discuss the lack of transparency argument that Staff
6 makes.

7 A. Staff asserts that AI is inherently a "black box," but this
8 does not accurately reflect the Company's SDLC practices.
9 Our use of AI includes thorough requirements, design,
10 testing, independent validation, and ongoing monitoring.
11 These controls provide transparency and accountability in
12 any AI deployment. The Company addresses Staff's request
13 for reporting in the Reporting section below.

14 Q. Is using AI cost-effective?

15 A. Using AI can be cost-effective, particularly for automating
16 tasks and enhancing efficiency, but its value varies by use
17 case. The Company's approach to AI uses a consumption plan,
18 confirming that costs are directly linked to actual usage,
19 which helps align expenses with specific needs.

20 **Capital and O&M Costs in IT Projects**

21 Q. Please explain the interplay between IT capital and O&M
22 costs.

1 A. For IT projects and programs, capital and O&M costs are
2 tightly tied together. Costs during design, build, and
3 deployment phases use capital funding. After a brief
4 stabilization period, the costs to operate and maintain the
5 system are required to use O&M funding. Once the system or
6 application is deployed, it immediately incurs costs to be
7 reliably operated and maintained. Examples of these costs
8 include vendor licensing fees, vendor support, and
9 resources to monitor the system, remediate operational
10 issues, and apply patches.

11 Q. Is this need for immediate maintenance and support costs
12 typical for traditional utility projects?

13 A. No. IT projects do not follow the traditional utility
14 infrastructure model. Traditionally, once gas, electric,
15 or steam utility infrastructure is built, its maintenance
16 needs are somewhat limited for the initial 5-10 years, as
17 the assets are brand new and have yet to be affected by
18 wear and tear.

19 IT projects and programs must be maintained, upgraded and
20 patched, and sometimes require new coding to meet users'
21 needs, from the first day they are deployed. It's akin to
22 putting a pool in the backyard. From day one, the pool
23 must be regularly maintained, cleaned, and new equipment

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1 purchased for the pool to maintain its utility. And once a
2 crack emerges, it must be addressed immediately, or the
3 condition will grow to require a more extensive and
4 expensive solution.

5 **Staff's Justification for Recommended Budget Reductions**

6 Q. What was the total amount of capital and incremental
7 operational and maintenance (O&M) requested by the
8 Company's IT panel?

9 A. The total capital request is \$2,646.195 million; \$984.346
10 million, \$894.363 million, and \$767.486 million for RY1-
11 RY3, respectively. The total incremental O&M request is
12 \$230.121 million; \$141.689 million, \$57.935 million, and
13 \$30.467 million for RY1-RY3, respectively.

14 Q. Does Staff recommend any reductions to IT's capital and O&M
15 funding?

16 A. Yes. Staff recommends revised capital levels of \$495.155
17 million, \$484.155 million and \$484.126 million for RY1,
18 RY2, and RY3, respectively. This is a reduction of
19 \$1,182.848 million, or 45 percent, over the three rate
20 years. Staff recommends revised incremental O&M levels of
21 \$92.316 million, \$45.231 million and \$22.918 million for
22 RY1, RY2, and RY3, respectively. This is a reduction of
23 \$69.626 million, or 30 percent over the three rate years.

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1 Q. Does the Company agree with the recommended adjustments?

2 A. No. We address the adjustments in several different ways.
3 We first refute the reasoning and the different
4 methodologies applied to make the adjustments. We then
5 explain why the adjustment for each project is incorrect.

6 Q. Does Staff provide any overarching reasons for reducing the
7 Company's requests?

8 A. Staff provides several different justifications for its
9 adjustments.

10 Q. What are the reasons provided?

11 A. Generally, for each adjustment, Staff claims that there is
12 insufficient justification for the project, which Staff
13 explains to mean that the work to be done is either
14 unnecessary to meet or maintain current operational
15 standards or that the benefit of the project is not
16 "substantially certain" to outweigh the cost of the
17 project.

18 Other justifications used by Staff in the testimony are:

- 19 • Using the Enterprise Program Management Office of Capital
20 Projects Playbook (Playbook), discussed subsequently
21 herein, Staff claims that many projects are not
22 operational but strategic and thereby makes adjustments.
- 23 • Staff also notes that it adjusted another project that is
24 correlated to the project being discussed, thereby

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1 affecting the project and decreasing its need by a
2 commensurate amount. Examples include Enterprise Data &
3 Analytics Foundations, IT System Testing COE, and IT
4 Telecom O&M.

5 • Staff also suggests delaying work in other cases. In
6 delaying the work, Staff assumes, without any basis, that
7 the cost will be less.

8 • Staff also offers that the overall IT workload is beyond
9 what the Company can effectively do, so the project
10 should be postponed.

11 Q. Are there other justifications?

12 A. Yes. Some projects have project specific justifications
13 which are discussed specifically below.

14 Q. Is it correct to say that Staff reduces many
15 projects/programs for failing to deliver what Staff
16 considers to be sufficient cost avoidance or cost savings?

17 A. Yes. This alleged "shortcoming" is consistently referred to
18 in Staff's testimony. Staff approaches its review assuming
19 that the main driver for IT work is cost reduction, which
20 is simply not the case. The Company has noted the primary
21 drivers for our work in testimony and white papers, as well
22 as in many of the discovery responses cited by Staff. Cost
23 avoidance is more typically an ancillary benefit from work
24 being driven for other reasons. The Company seeks to obtain
25 savings whenever possible.

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1 Q. Please address the non-operational but strategic
2 adjustment.

3 A. Staff's bases these adjustments on the opinion that the
4 Company misapplies the term "operationally required" to
5 projects that are not required for maintaining existing
6 operations (i.e., there is no evidence that absent the
7 project current operational standards will diminish) or
8 otherwise contain strategic elements. Staff uses narrowly
9 interpreted definitions from the EPMO playbook as a basis
10 for adjustments that use this justification, failing to
11 consider how entwined operational and strategic elements
12 can be for IT projects.

13 Q. Please explain.

14 A. **Misclassification of Strategic Elements:** Staff argues that
15 many projects labeled as "operationally required" contain
16 elements that are strategic in nature. These include
17 enhancements, upgrades, or expansions that they claim go
18 beyond what is necessary to maintain current operational
19 standards. Staff recommends budget reductions for projects
20 misclassified as operationally required when they include
21 strategic elements. Staff emphasizes that these elements
22 often lack sufficient justification, such as clear cost-

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1 benefit analysis or evidence of necessity, and, therefore,
2 should not be funded at the same level.

3 **Flawed Use of Definitions:** The testimony critiques Con
4 Edison's application of the term "operationally required,"
5 stating that it often includes aspirational or enhancement-
6 driven work that does not meet the Company's own definition
7 of operational necessity. This includes projects that aim
8 to improve customer experience, add new functionalities, or
9 modernize systems without a clear operational mandate.

10 **Disagreement with Company Assertions:** Although the Company
11 notes that its proposed budgets represent the minimum
12 necessary to support continued operations, Staff's
13 testimony disputes this, stating that many projects include
14 enhancements or expansions that are not essential and
15 should be treated as strategic.

16 Q. Please address Staff's statements about correlated
17 projects.

18 A. There are many projects in here that may appear to have
19 similar work but are, in fact, different.

20 Q. Please comment on the delayed work adjustment.

21 A. Staff justifies delaying work on the basis that projects
22 that are not immediately necessary to maintain current

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1 operational standards, especially those it sees as having
2 low scope development or speculative benefits, can and
3 should be delayed, to reduce customer burden. For example,
4 Staff recommends delaying the Outage Scheduling System
5 Replacement project. The Company responds to Staff's
6 rationale later in this testimony.

7 Q. Should scope maturity be a relevant criterion?

8 A. Staff uses scope completion (e.g., 25% or 50%) as a proxy
9 for readiness. However, many IT project use Agile
10 methodologies, where, as noted above, scope evolves
11 iteratively. While Staff argues that immature projects
12 should be delayed due to uncertainty, deferring them can
13 lead to escalating costs, technical debt (costs associated
14 with additional future work by not doing the work now as
15 well as risk of being on an unsupported platform that
16 vendor may not provide any type of support, or we must pay
17 vendor to provide "extended" support for a limited
18 timeframe), and lost opportunity costs for initiatives that
19 could improve operational efficiency or customer
20 experience.

21 Q. Several times, Staff essentially asserts that the project
22 is too big to do now given other ongoing projects. Do you
23 agree?

1 A. No. We reject the assertion that the Company cannot support
2 multiple large-scale IT projects simultaneously. We can
3 and, in fact, have undertaken large scale IT projects
4 simultaneously in the past. For example, we worked on AMI,
5 CORE and eGIS simultaneously. As such, the presence of
6 other large-scale IT projects should not be used as a
7 blanket rationale to defer or deny critical initiatives.

8 Q. Does IT have a process that governs projects?

9 A. Yes. The IT Board (ITB) governs all projects undertaken by
10 IT. Moreover, the IT Capital Project Management Procedure
11 confirms that each initiative – regardless of timing – is
12 evaluated on its own merits through a structured process.

13 **Staff's Methodologies for Reductions**

14 Q. How did DPS Staff determine its recommended adjustments?

15 A. For projects and programs that Staff felt contained
16 "insufficiently justified project elements," Staff applied
17 four adjustment methods to arrive at their recommended
18 level of funding.

- 19 • They provided specific funding levels or a complete
20 removal of requested funding, based on specific
21 project/program considerations, which are provided.

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- 1 • A "standard" reduction of the capital and/or O&M budget
- 2 to 70 percent of the proposed amount,
- 3 • A "standard" adjustment reducing the project budget to
- 4 the average of historical spending, inflated to 2026
- 5 dollars.
- 6 • A "standard" adjustment reducing the project budget to
- 7 the amount indicated from a linear forecast of available
- 8 spending data.

9 Q. Does the Company agree with Staff's reductions?

10 A. No. We disagree with Staff's reductions and believe that

11 the funding requested is associated with work that is

12 important and necessary, whether it is operationally needed

13 or strategic. We will discuss each project/program

14 reduction and how either the specific considerations or the

15 more global methodologies presented by Staff are

16 inappropriate for each later in our testimony. However, we

17 will first discuss, holistically, the flaws that are

18 apparent in the general methodologies listed above.

19 Q. Please continue.

20 A. Each of the methodologies provided are inherently flawed

21 and are frequently applied in a way that is illogical.

22 Q. Are there any common flaws across multiple methods?

23 A. Yes. First, Staff uses the same methodologies to cut

24 capital and O&M requests across all three methods. This

25 approach is illogical in most circumstances.

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1 Q. Why?

2 A. Capital and O&M funding is generally aimed at two different
3 goals. Capital is used to either replace a degraded asset
4 or to create a new one. O&M addresses the daily cost of
5 operating and maintaining existing assets. The "O&M tail"
6 accompanying most projects increases O&M costs as capital
7 spending increases. But that is the only instance of this
8 type of relationship, and the timing of the funding needs
9 are different.

10 Capital and O&M costs can be impacted by different cost
11 drivers. For example, capital is driven by software
12 development, project management, data migration, testing,
13 and contingency costs. In comparison, O&M costs can be
14 driven by the frequency of needed updates, user base size,
15 technology advancements, and Service Level Agreements.
16 For example, Staff recommends decreases to the
17 Telecommunications O&M Program, citing reductions to what
18 they believe are associated capital programs and would
19 theoretically reduce the Company's need for the level of
20 O&M funding requested. However, the incremental increase
21 in telecommunications operating and maintenance expenses is
22 primarily driven by expected tariff increases imposed by
23 public carriers. This instance and others like it are
24 discussed in more detail later in our testimony.

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1 Q. Are there other common flaws in the methodologies
2 discussed?

3 A. Yes. The methodologies discussed ignore the timing issues
4 that would occur if funding was cut as recommended by
5 Staff. The historic spend plus inflation and linear
6 projection methods are most flawed in this respect, but the
7 global reduction to 70 percent of the ask also presents
8 issues, especially as it relates to O&M funding.

9 Q. Please explain.

10 A. The funding requests represent the project/program
11 implementation workplan needs. Using the reduction
12 methodologies presented will result in insufficient funding
13 in certain years and unneeded funding in others, and serve
14 to do little other than delay the delivery of the expected
15 project benefits or reduce the efficiency of the overall
16 project plan. For example, the Enterprise Geographic
17 Information System (eGIS) Phase 3 project is due to be
18 completed by the end of 2026. However, rather than
19 approving the funding as requested in RY1, Staff has spread
20 it across RY1 to RY3 (without reducing the total ask),
21 which would increase the overall cost of the project and
22 delay the benefits of the implementation. Another example
23 is the Outage Scheduling System Replacement, Staff
24 basically recommends straight lining our ask across RY1-RY3

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1 without reducing the total, which will do little more than
2 disrupt our workplans, delay the realization of the project
3 benefits, and potentially increase the total implementation
4 costs.

5 Q. Do the historic spend plus inflation and linear projection
6 methods have any additional common flaws?

7 A. Yes. The stated premise of both, as stated by Staff, is
8 flawed. Regarding the historic spend plus inflation
9 methodology, Staff states (p. 13) "For all projects and
10 programs proposed by the Company's IT Panel, where
11 historical spend information was provided, I calculated and
12 analyzed the average capital and O&M costs, adjusted for
13 inflation, and inflated that amount to 2026 dollars. This
14 amount, absent other circumstances, should enable a project
15 or program to continue existing work processes but reduce
16 the development of strategic project elements." Regarding
17 the linear forecast method, Staff states (p. 14) "The
18 amount provided by a linear forecast analysis, absent other
19 circumstances, would enable a project or program to
20 continue existing work processes and incorporates
21 historical project growth."

22 Q. What is the issue with these statements?

23 A. Both state that they rely on the need to be "absent other
24 circumstances" to be effective. In short, Staff is ignoring

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1 future trends and adjustments that could drive costs
2 increases. For example, since the time of the original
3 filing on January 31, 2025, the United States has increased
4 tariffs on other countries. Basing funding for projects and
5 programs on historical information would leave them unable
6 to manage such events and trends. Moreover, there are other
7 forward focused trends that must be addressed by the
8 Company's IT Panel funding request, including but not
9 limited to device inventory growth, maintenance costs for
10 infrastructure equipment, automated process abilities,
11 increasing telecommunication costs, and data center
12 modernization. These are presented both holistically and
13 on a project-specific basis in the Company's filing
14 materials and cannot be ignored. If the premise of "Absent
15 other circumstances" was accepted, it would severely
16 undercut the Company's ability to deliver service as
17 required through future filings.

18 Q. Why is DPS Staff's reduction of certain IT project budgets
19 to the **average of historical spending**, inflated to 2026
20 dollars, an unreasonable adjustment methodology?

21 A. In addition to the reasons mentioned above, the testimony
22 recommends reducing budgets to the average of historical
23 capital and O&M costs, adjusted for inflation. While this
24 may provide a baseline, it risks ignoring the unique

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1 demands of forward-looking projects, particularly those
2 driven by new or evolving compliance obligations or
3 technological shifts. Historical averages do not reflect
4 future cost structures or innovation needs. Using
5 historical averages as a benchmark anchors budgets to
6 legacy baselines and assumes that past spending is a
7 reliable predictor of future needs, which is often not the
8 case in IT.

9 Q. Does this method account for projects with no historical
10 spend or those in early development stages?

11 A. No. Some projects lack historical spending data, rendering
12 this method inapplicable or misleading. Applying it
13 uniformly risks arbitrary or unjustified reductions. We
14 leverage our existing platforms, experience, benchmarking
15 with other utilities, and consultants to build estimates
16 for these projects.

17 Q. Does this method risk reinforcing outdated spending
18 patterns rather than encouraging strategic transformation?

19 A. Yes. By using historical trends, this method may entrench
20 legacy systems and delay necessary modernization. It could
21 also negatively impact departments that have historically
22 underspent due to resource constraints or deferred
23 investments.

1 Q. Why is reduction of an IT project budget to the amount
2 indicated by a **linear forecast** an unreasonable adjustment
3 methodology?

4 A. IT investments often follow a "step-function" pattern—
5 large, upfront capital outlays for system overhauls,
6 followed by periods of lower maintenance spending. Linear
7 forecasting assumes smooth, incremental growth, which is
8 rarely the case in IT. Projects often involve step-function
9 investments (e.g., platform migrations) or cyclical
10 upgrades, making linear extrapolation an
11 oversimplification. Further, each IT project has a unique
12 lifecycle: planning, development, testing, deployment, and
13 maintenance. Linear forecasting flattens these phases into
14 a trend line, ignoring the fact that costs are not evenly
15 distributed across time. In addition, Staff states that the
16 trending method "incorporates actual real-world market
17 conditions and the Company's current practices and spending
18 patterns." (pg. 13). However, it fails to note that these
19 are historic "real world conditions" that are changing and
20 will continue to do to. As virtually every mutual fund
21 prospectus tells us "Past success does not guarantee future
22 performance," yet Staff would seem to assert that it does.

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1 Q. Why is adjusting certain IT project requests to **70 percent**
2 of their proposed value an unreasonable adjustment
3 methodology?

4 A. Applying a blanket 70 percent funding level assumes
5 homogeneity in project maturity, risk, and necessity, which
6 undermines the principle of individualized project
7 evaluation. This approach risks underfunding critical
8 infrastructure while overcorrecting for perceived
9 inefficiencies in others.

10 Q. Is this method consistent with Agile methodologies?

11 A. No. Modern IT projects often use Agile methodologies,
12 where, as previously discussed, scope and priorities evolve
13 based on feedback and iterative development. Linear
14 forecasting assumes fixed trajectories, which contradicts
15 Agile's adaptive nature.

16 Q. Are there other issues with Staff's reduction to 70 percent
17 methodology?

18 A. Yes. Staff provides (p. 9, 11, 13) five distinct reasons
19 in support of this methodology:

20 • First - "The projects proposed by the Company have, in
21 the aggregate, considerably unrefined scopes. When
22 projects have unrefined defined scopes and have not
23 fully determined the business requirements driving
24 project costs adjustments must necessarily be

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1 arbitrary, particularly when detailed estimations of
2 project costs have not yet been finalized.

- 3 • Second - "the budgets of individual projects reflect,
4 in part, assumptions and considerations of other
5 projects; a precise adjustment to one project can
6 potentially decrease the precision of an adjustment to
7 another project."
- 8 • Third - "projects with relatively more refined scopes
9 do not necessarily break down costs in a manner that
10 enables a precise adjustment."
- 11 • Fourth - "...projects categorized as "Operationally
12 Required" contain project elements best understood at
13 strategic elements, and the Company is not always
14 capable of providing project costs parsed by work
15 category."
- 16 • Fifth - "some project budgets estimations are
17 primarily based on the costs incurred for projects the
18 Company considers sufficiently similar."

19 These five reasons address completely different aspects of
20 the project/program materials provided and the logic of
21 applying one uniform reduction percentage based on this
22 disparate reasoning is not apparent.

23 Q. Please explain.

24 A. First, it seems that the 70 percent factor was derived from
25 a single data point. In supporting its reason four, Staff
26 states (p. 11) that "the Company provided the costs
27 associated with the IT System COE project parsed by work

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1 category, and the strategic costs accounted for
2 approximately 30 percent of the total costs--which means a
3 reduction to 70 percent accurately reflects the removal of
4 strategic elements." Using this single data point to
5 develop the most common adjustment method Staff applies
6 implies a lack of rigor in Staff's assessment. Second, we
7 would note that this single data point is derived from and
8 used as a proxy to separate out strategic work from
9 operationally required work, but it was taken to another
10 step and applied to at least 11 projects that Staff notes
11 are Strategic or Operationally Required in nature.

12 Q. Please continue.

13 A. Staff's reason one states that a 30 percent reduction is
14 warranted because, in Staff's opinion, the scopes are
15 unrefined and can therefore be reduced. This is
16 counterintuitive, as basic project management principles
17 recognize that early scoping is generally subject to
18 increased cost, rather than decreased. The Company would
19 also note that a basis for using a factor of 70 percent for
20 the reductions due to this issue is not provided.

21 Q. Do any of the other reasons provided lack a basis for using
22 70 percent as the adjustment factor?

23 A. Yes. The basis for using a 70 percent factor is not
24 presented for any of the other reasons and, since they have

1 no relation whatsoever to reason four, they should be
2 rejected.

3 **Scope/Contingency Discussion**

4 Q. Do you agree with Staff's assertion that projects with
5 unrefined scopes should be subject to downward adjustments?

6 A. No. Unrefined scope should not be treated as a deficiency
7 warranting project funding reductions. Rather, it should be
8 recognized as a normal and manageable phase of project
9 development. Preliminary scoping activities—such as
10 defining objectives and preparing baseline documentation—
11 already provide meaningful insight into expected costs.
12 These early inputs are not speculative; they are grounded
13 in structured planning processes and historical
14 analogs. While the Company bucketed the scoping percentages
15 as spelled out in our response to DPS-25-596, these
16 percentages reflected the overall status of every activity
17 that must be completed before a project is 100% scoped.
18 But the preliminary phases of the process provides more
19 intelligence to the final expected costs than Staff appears
20 to give it credit for.

21 Q. And do you agree with Staff that the contingency levels
22 applied to projects at this level are inappropriate?

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1 A. No. It is true that additional contingency is typically
2 applied at these earlier stages of development, as it
3 appropriately represents the uncertainty that exists.
4 However, Staff seems to be making the case that the
5 perceived uncertainty in scope justifies removing project
6 contingency, when uncertainty is one of the primary reasons
7 for including contingency. The Company's contingency levels
8 reflect effective risk management, not poor planning or
9 lack of due diligence. And while Staff points to the
10 Company's Cost Estimating Guide's statement that
11 "Contingency reserve is not intended to account for major
12 scope changes" (pg. 34), the 30 percent contingency
13 provided at this level is to account for scope refinement,
14 rather than "major" scope changes.

15 Q. Is it reasonable to expect full scope definition for multi-
16 year IT projects at the time of rate filing?

17 A. No. Many IT projects evolve over time due to changing
18 technology, regulatory requirements, or stakeholder input.
19 Expecting complete scope definition in a rate case filing
20 one to three years before a project is started or completed
21 disregards the iterative nature of IT development. These
22 evolutions of IT projects are reflected in the contingency
23 of our projects. Projects with less refined scope have

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1 larger contingencies. For example, of the projects/programs
2 Staff adjusted in Exhibit ___ (AC2), the average contingency
3 for projects/programs with a scope of 25 percent complete
4 was 21 percent, while projects/programs with full (100%)
5 scope completion had an average of 12 percent contingency.

6 Q. How does Staff's testimony account for the Company's use of
7 the Capital Project Playbook (CPP), which allows for phased
8 scope development?

9 A. While the testimony critiques deviations from the CPP, it
10 does not acknowledge that the CPP itself permits phased
11 development and evolving scope. This interpretation
12 undermines the credibility of scope-based reductions and
13 may misrepresent internal planning standards.

14 Q. Staff asserts that some projects are "strategic" and
15 therefore less justified. Isn't strategic alignment a valid
16 basis for investment?

17 A. Yes. Strategic initiatives often support long-term goals,
18 such as digital transformation, customer experience, or
19 regulatory readiness. Dismissing them due to undefined
20 scope overlooks their broader value in forward-looking
21 planning.

1 Q. Staff recommends reducing contingency where scope is not
2 fully defined. Isn't that precisely when contingency is
3 most needed?

4 A. Yes. Staff's testimony asserts that the Company uses
5 contingency to cover undefined scope rather than true risk
6 exposure. However, as previously noted, contingency is
7 designed to address unknowns. In capital planning,
8 especially for IT projects, contingency is included to
9 account for scope evolution, unforeseen technical
10 challenges, and integration risks. Penalizing projects for
11 not having fully defined scope at early stages contradicts
12 the purpose of contingency and may result in cost overruns
13 or delays when unforeseen issues inevitably arise. Staff's
14 testimony does not provide project-specific evidence of
15 contingency as a source of budget inflation. Instead, it
16 relies on generalizations and assumptions about intent
17 rather than documented misuse or overestimation.

18 Q. Does reducing contingency where scope is not fully defined
19 create an appropriate incentive to over-specify scope
20 prematurely, potentially locking in flawed assumptions?

21 A. Yes. Forcing full scope definition too early can lead to
22 rigid planning and missed opportunities for optimization.
23 Contingency allows for flexibility and iterative

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1 refinement, which is especially important in dynamic IT
2 environments.

3 Q. Do Staff's recommendations account for the risk of cost
4 overruns or delays if contingency is removed and unforeseen
5 issues arise?

6 A. No. Eliminating contingency without a mitigation plan
7 increases the likelihood of project delays, scope
8 reductions, or emergency funding requests – outcomes that
9 are undesirable and ultimately cost more.

10 **EPMO Playbook/White Paper Discussion**

11 Q. Does Staff's testimony cite any Company project management
12 procedures or playbooks?

13 A. Yes. Staff highlights the Enterprise Program Management
14 Office Capital Projects Playbook (CPP).

15 Q. What does Staff claim relating to the CPP?

16 A. Staff takes issue with certain items in the Company's white
17 papers and testimony. For example, Staff claims that IT's
18 categorization of certain projects are inconsistent with
19 the CPP.

20 Q. Are there flaws in Staff's discussion of the CPP?

1 A Yes. There are two reasons Staff's use of the CPP is
2 flawed.

3 First, the CPP is used to manage construction projects. The
4 Company manages its IT projects through a Corporate
5 Instruction, *CEI-215 CI Acquisition Deployment and Support*
6 *of Information Technology Procedure and Software*
7 *Development Lifecycle Guide* (SDLC). (See Exhibits ___ (IT-
8 15) and ___ (IT-16)).

9 Q. Please continue.

10 A. Second, the definitions for and use of the work plan
11 categories Regulatory Mandated, Operationally Required, and
12 Strategic Projects are part of the Capital Optimization
13 Guideline. The Capital Optimization Guideline states (p. 3)
14 "The purpose of this Guideline is to set forth enterprise-
15 wide standards for selecting projects and programs (Capital
16 Optimization) for the capital budget process, which is an
17 internal budgeting process."

18 Q. Are the three work plan categories of Regulatory Mandated,
19 Operationally Required, and Strategic the only ways the
20 Company prioritizes their projects?

21 A. No. Company projects are also compared against ten
22 corporate strategic drivers. This is in alignment with

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1 Electric, Gas, and Steam projects. Furthermore, IT
2 projects are compared against an additional four IT
3 drivers:

- 4 • Promote "One Enterprise"
- 5 • Excel at the Basics
- 6 • Foster/Promote Innovation and
- 7 • Implementation Methodology Ensures Speed,
8 Flexibility and Simple Design.

9 Q. Has this process ever been evaluated?

10 A. Yes. In 2022, Staff's Management auditor, NorthStar,
11 reviewed this process in detail and had no findings.

12 Q. Is the Company consistently and correctly applying the Work
13 Plan Categories?

14 A. Yes.

15 Q. Does the Company believe that projects can be both
16 operationally required and strategic?

17 A. Yes. For example, an upgrade to an application can have
18 separate modules that are operationally required updates,
19 such as cybersecurity updates and bug fixes, but are also
20 strategic elements, such as new enhancements and user
21 interface improvements. However, due to vendor

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1 restrictions, complexity, or cost, the Company cannot
2 separate the modules.

3 Q. As noted earlier, Staff adjusts projects stating that they
4 are strategic. Is that appropriate?

5 A. No. Whether considered operationally required or strategic,
6 the projects must still be completed. Moreover, the cost
7 for the project does not decrease merely because the bucket
8 for the category is different.

9 Q. Is parsing the two categories an issue?

10 A. The Company may not always have the flexibility to parse
11 the two categories, particularly when upgrades are
12 essential for security, compliance, or compatibility with
13 other systems. If the system is not upgraded, patching may
14 become less effective, as patches are often designed to
15 work with the latest software versions; failing to upgrade
16 can leave systems vulnerable to threats that patches alone
17 cannot address, potentially compromising overall system
18 integrity.

19 **Filing Quality Issues**

20 Q. Does Staff present any general concerns with the quality of
21 the Company's filing?

1 A. Yes. Staff discusses (pp. 46-53) general concerns with the
2 quality of the Company's filing.

3 Q. What are the issues that Staff discusses?

4 A. Staff discusses "breakages" in general, as well as four
5 specific issues - breakages in values, breakages in
6 identification, breakages in classification, and breakages
7 in content.

8 Q. Does the Company agree with Staff's concerns?

9 A. In part, but the Company disagrees with the implied
10 magnitude of the errors encountered in some of the
11 categories discussed.

12 Q. Which of Staff's concerns do you agree with?

13 A. The Company acknowledges that our initial filing had more
14 "breakages in values" (as discussed on pp. 47-49) than it
15 should have. While the Company strives to provide filing
16 information that is consistent and accurate, given the
17 sheer volume of data presented, some amount of breakage is
18 inevitable. This issue is exacerbated by the fact that the
19 IT Panel testimony covers initiatives across the entire
20 Company, rather than in one specific organization or
21 operational area.

22 Q. Please explain how this happened.

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1 A. The primary driver of the errors noted in this area was a
2 sorting error that occurred on some reference materials
3 that were used to track the financial aspects of the
4 testimony documents and supporting exhibits. This caused
5 transcription errors that carried through the materials and
6 generated the errors.

7 Q. Were the underlying capital and O&M amounts used to
8 generate the revenue requirement correct?

9 A. At the conclusion of the resolution process (p. 53), it was
10 apparent that the vast majority of the data in the revenue
11 requirement models were correct, and the level of breakage
12 there was much more consistent with what would be expected.

13 Q. Please discuss the resolution process undertaken, from the
14 Company's perspective.

15 A. Upon learning of Staff's concerns on this issue in late
16 February, the Company immediately put a team together to
17 cross check every number, identify correct values for any
18 inconsistent items, and verify the values that were used in
19 the Company's revenue requirement model. We provided
20 corrections within approximately two weeks of the issue
21 being raised, and the Company confirmed that our
22 Update/Corrections filing reflected these changes.

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1 Q. Please discuss the other breakage types Staff points to in
2 their testimony.

3 A. Staff calls out three other types of breakage:

- 4 • Breakages in identification (pp. 49-50)
- 5 • Breakages in classification (pp. 50-51)
- 6 • Breakages in content (pp. 51-52)

7 Q. What are your observations regarding these breakage types?

8 A. For the breakages noted in these classifications, the
9 Company believes that what Staff observed was quite limited
10 in magnitude. Beyond the individual example of breakages in
11 identification and content that Staff provides in its
12 testimony, we are unaware of any other instances where this
13 occurred.

14 Q. And what about breakages in classification?

15 A. Again, breakage of this type was also moderate in nature.
16 To our knowledge only 12 of 116 project and programs
17 presented by the IT Panel had data entries that were
18 misassigned to another panel in the workpaper discussed
19 here - which is highly complex and has historically
20 required walkthrough with Staff. The Company notes we used
21 a new methodology to build the workpaper information for

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1 Q. Were any of these items material?

2 A. No. Staff worked with the Company to quickly clarify and
3 correct the noted items. However, to promote an accurate
4 record, we are providing Staff's responses to discovery
5 questions CECONY-7-84 and CECONY-7-85 regarding these
6 issues within Exhibit___ (IT-14) which addresses the items
7 noted.

8 **Reporting**

9 Q. Does Staff recommend any new reporting requirements for the
10 Company?

11 A. Yes, Staff has recommended several new reporting
12 requirements for the Company.

13 ***Feasibility Reports***

14 Q. What is the first reporting recommendation made by Staff?

15 A. The first reporting recommendation made by Staff was that,
16 in future filings, the Company should be directed "to parse
17 all IT projects to isolate, where feasible, the costs
18 associated with maintaining current systems as-is and the
19 costs arising from hardware and software upgrades that
20 result in new functionalities or incremental improvements
21 to system performance or cybersecurity."

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1 Q. Please respond to this recommendation.

2 A. From an IT governance and operational standpoint, this
3 approach introduces more complexity than value. IT projects
4 cannot remain in an as-is state without increased cyber
5 risks, reduced performance and support, and, eventually,
6 becoming obsolete. The Company must align applications with
7 vendor roadmaps. Staff's recommendation to parse all IT
8 projects into "maintenance" versus "enhancement"
9 components, while well-intentioned, is impractical,
10 inefficient, and misaligned with how modern IT systems are
11 developed and managed.

12 Q. Please explain.

13 A. Most IT initiatives are inherently integrated. A single
14 system upgrade may simultaneously replace aging
15 infrastructure (maintenance), improve performance
16 (enhancement), address security vulnerabilities
17 (compliance), and enable new features (strategic).

18 Attempting to isolate these elements into discrete cost
19 categories would be artificial and misleading. It would
20 also risk misrepresenting the true scope and value of the
21 investment. Furthermore, the line between "maintaining
22 current systems" and "adding new functionality" is often

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1 blurred. Is replacing an aging server with a faster model
2 maintenance or enhancement? Is improving a user interface
3 to reduce errors a performance upgrade or a reliability
4 fix? These distinctions are not only subjective but also
5 vary across teams and projects, potentially leading to
6 inconsistent reporting and reduced comparability.

7 ***PSR Reports***

8 Q. Please comment on Staff's recommendation that the
9 Commission direct the Company to include Project Status
10 Reports (PSRs) in its quarterly capital project reporting.

11 A. The existing Quarterly Capital Expenditure Report and
12 meetings, along with the regularly established
13 communication channels are sufficient for this purpose.
14 Internal PSRs are currently prepared consistent with
15 established IT Project Management guidelines and are shared
16 by Project Managers with their project teams. Staff already
17 receives and meets with the Company to review the Quarterly
18 Capital Expenditure Report. During the meeting Staff can
19 request information on the status of any project in the IT
20 portfolio.

21 ***Additional Information in White Papers***

1 Q. Staff recommends that the Company parse total costs by
2 feasibility, design, development, and
3 production/implementation for all IT White Papers in future
4 rate case filings. How does the Company respond to this
5 recommendation?

6 A. While cost transparency is essential, the proposed parsing
7 requirement is not the right mechanism. It imposes a rigid
8 structure on a dynamic process, increases administrative
9 burden, and risks distorting the true nature of IT
10 investments. A more balanced approach would be to enhance
11 narrative justifications and cost-benefit clarity within
12 existing documentation frameworks. Forcing a Waterfall-
13 style cost breakdown misrepresents how IT work is actually
14 performed, may lead to inaccurate or arbitrary allocations,
15 and is unlikely to yield meaningful insight.

16 ***Artificial Intelligence (AI) Reports***

17 Q. Did Staff recommend reporting requirements for AI?

18 A. Yes. Staff recommended that the Company do ongoing
19 reporting on all AI projects and programs, or any other
20 plans to utilize AI in any capacity.

21 Q. What specific reporting requirements did Staff propose?

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1 A. Staff proposes that all current and future AI-related
2 initiatives be categorized and quantified by models as
3 "locked boxes," "opaque boxes," or "true black boxes."
4 Additionally, yearly reports detailing technical and
5 financial information, including training costs,
6 descriptions of training data, current validation
7 practices, and example use-cases.

8 Q. Are there any other requirements?

9 A. Yes. Staff also proposes that the reports must address the
10 character and magnitude of model drift, the frequency of
11 model use, and any business decisions influenced by the AI
12 outputs.

13 Q. Does Con Edison agree with this recommendation?

14 A. No. The Company will only implement industry-benchmarked AI
15 models that meet our security requirements within
16 enterprise platforms. The Company is approving, testing,
17 and validating AI models to understand decision making
18 logic and accuracy, allowing users to understand how AI
19 processes data and arrives at conclusions. The framework
20 for this has been discussed in this testimony. With this
21 evolving landscape and the status of pilots in the Company,
22 it is premature to mandate reporting requirements.

1 **Specific Project/Program Discussions**

2 Q. What data source is referenced in discussions on the Staff-
3 recommended funding levels in the sections that follow?

4 A. For the discussions of the projects and programs that
5 follow, references to the Staff-recommended funding levels
6 refer to the data provided in Staff Witness Carpenter's
7 Exhibit AC-2, unless otherwise noted. In general, the
8 Company is responding to the projects in the same order
9 discussed in our initial filing through the testimony and
10 exhibits.

11 **I. O&M Programs**

12 **IT Hardware and Software Maintenance**

13 Q. Please explain the IT Hardware and Software Maintenance
14 project.

15 A. As we discussed in our initial testimony (Exhibit __ (IT-4-
16 Upd)), the IT Hardware and Software Maintenance Project
17 encompasses necessary third-party support contracts,
18 license renewals and managed services to support the
19 Company's technology. Specifically, the scope of the
20 investment includes hardware and software license renewal
21 and maintenance support of servers, storage arrays, data
22 backup products, server operating systems, database

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1 products, network tools, mainframe products, cloud, and
2 enhanced managed data center services. These products and
3 services are essential for the maintenance and continued
4 operation of the production, testing, and development
5 environments.

6 Q. Please discuss Staff's adjustments to the IT Hardware and
7 Software Maintenance project.

8 A. Staff recommends an incremental O&M budget of \$21.132
9 million, \$10.932 million, and \$1.953 million for RY1, RY2,
10 and RY3, respectively, decreasing the overall request by
11 \$41.978 million.

12 Q. What was the Staff's justification for its recommendations?

13 A. Staff applied its 70% adjustment methodology, claiming that
14 the Company's estimates are based on major enterprise
15 initiatives and projects which have been adjusted and,
16 therefore, an adjustment in the project's incremental
17 funding is warranted. Staff also notes that the historic
18 period already contains major enterprise projects.

19 Q. Do you agree with the Staff Panel's rationale for its
20 reduction?

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1 A. No. This work is required to maintain critical hardware and
2 software for the Company's on-premises datacenter and cloud
3 infrastructure systems.

4 This program encompasses costs for many different items, and

- 5 • incorporates costs to renew maintenance and address
6 subscription-based licensing and multi-year
7 hardware/software third party maintenance support;
- 8 • includes managed service provider support for datacenter
9 locations enabling expanded 24x7 operational coverage;
- 10 • upkeeps current tools, platforms and services with
11 Hardware and software replacement and/or for instances
12 where lifecycles reach end-of-support;
- 13 • enhances the reliability of critical systems, while
14 improving operational efficiency:
- 15 • Enables 24/7 onsite personnel at the Worth Street Data
16 Center, and partial onsite and roaming support at the
17 other corporate data centers;
- 18 • contains software license renewals essential for
19 continued and improved operations, including renewing
20 the Enterprise Agreement with Microsoft;
- 21 • encompasses upgrading the end-of-life CECONY mainframe
22 from microcode to newer hardware technology; and

1 • covers investments to maintain over 5,300+ Cisco &
2 Nutanix hyper-converged servers and Dell EMC storage
3 products, 22+ Petabyte of stored data, 2300 virtual
4 desktops, as well as all our cloud-based assets,
5 Microsoft support extensions for operating systems and
6 databases, and Cohesity backup system infrastructure
7 platforms, critically necessary maintenance and license
8 renewals for Oracle and RedHat software products.

9 Q. Please explain why the managed service provider costs are
10 necessary.

11 A. The managed services provide necessary operational support
12 and therefore, reliability. Without managed services
13 support, we would experience reduced response times in
14 addressing UPS, power distribution and HVAC issues, which
15 can adversely impact services while reducing system
16 performance. Extended power or HVAC issues may lead to
17 downtime for applications hosted in data centers, such as
18 AMI, OMS, CC&B, affecting the company's service and
19 customer restoration capabilities.

20 Q. Please discuss the Microsoft costs included in this
21 program.

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1 A. This agreement includes all server, database and desktop
2 device OS, for Windows server, SQL, Exchange/ Office 365,
3 M365 Copilot, and Defender endpoint security.

4 Q. Please explain the license and support costs in this
5 program.

6 A. These license and support upgrades are necessary to
7 maintain the integrity of our technology infrastructure
8 platforms while protecting against emerging cyber threats.

9 Q. Is Staff correct that the scope of the investment is
10 concerned with new projects and major initiatives?

11 A. No. The investments emphasize services that are necessary
12 for operational continuity. Although this budget will grow
13 with other initiatives throughout the rate years, the
14 incremental costs are independent of other Company projects
15 and must be implemented for the maintenance of the current
16 hardware and software installation base. Additional and
17 ongoing maintenance, along with providers shifting to
18 subscription-based pricing, necessitates the growth in this
19 budget. The examples Staff provided in their testimony,
20 referencing "Customer Care & Billing" and "AMI System
21 Sustainability Program," are distinct projects with their
22 own funding and, as such, are not included in this proposed

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1 project. (These projects and recommendations are discussed
2 herein.)

3 Q. Why is the project required now?

4 A. The proposed initiatives must be implemented for the
5 maintenance and upkeep of the current installation base.
6 The requested funding is needed to address costs for
7 hardware/software licenses and to replace end-of-life
8 infrastructure. Notably, regarding the O&M costs, the move
9 from perpetual licensing to subscription-based licensing
10 has increased the infrastructure licensing costs, treated
11 as O&M. This support enables issue resolution, critical
12 software updates, cybersecurity vulnerability patches,
13 improved hardware failure monitoring, and new product
14 features.

15 Q. What would be the impact of delaying license renewals and
16 upgrades?

17 A. Not pursuing timely license renewals and upgrades would
18 result in loss of vendor support and services, including
19 software updates. Unsupported hardware poses an operational
20 risk to critical systems, impacting, among other things,
21 the Company's ability to address and remediate cyber
22 vulnerabilities timely.

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IT Telecom O&M

Q. Please explain IT Telecom O&M project.

A. As discussed in our initial filing (Exhibit __ (IT-4-Upd, pp. 1-5), the IT Telecom O&M project funds the operations and maintenance of the Company's telecommunications infrastructure, systems, and services. These components include Company-owned and operated telecommunications infrastructures and systems, the required internal and external support services, and all monthly recurring costs for telecommunications wireline and wireless services provided by public carriers.

Q. Please discuss Staff's adjustments to IT Telecom O&M project.

A. Staff recommended an incremental O&M increase of \$2.712 million, \$262,000, and \$8,000 for RY1, RY2, and RY3, respectively, decreasing the overall incremental request by \$1.278 million.

Q. What was Staff's justification for its recommendations?

A. Staff applied its 70 percent methodology, basing its reduction on corresponding reductions to the capital projects related to telecommunications O&M, including CCTN, Data Center and LAN Improvements, and XM8. Staff also

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1 asserts there is no evidence that the incremental O&M
2 spending is necessary to prevent system degradation and,
3 further, that the Company did not provide an analysis
4 quantifying the rate of degradation that would occur.

5 Finally, Staff alleges that there is no evidence that the
6 value of benefits that Staff believes are strategic in
7 nature will outweigh the costs of implementing them.

8 Q. Do you agree with Staff's rationale for its reduction?

9 A. No. As explained earlier, this is funding for the Company's
10 telecommunications program.

11 Q. Please respond to Staff's first claim that the decrease is
12 commensurate with a decreased funding for other programs.

13 A. The investments in the three associated capital projects
14 cited by Staff are justified in their respective rebuttal
15 responses below. Accordingly, there should be no reduction
16 to this program based on the other reductions.

17 Q. Are there additional reasons why the recommended cuts
18 should not be implemented?

19 A. Yes. In addition to the telecom infrastructure and systems
20 expansions related to the capital projects, the incremental
21 increase in telecommunications operating and maintenance
22 expenses is primarily driven by expected tariff increases

1 imposed by public carriers. These increases affect the
2 monthly recurring costs for existing legacy carrier
3 circuits that support essential operations and systems such
4 as Electric, Gas, and Steam SCADA (Supervisory Control and
5 Data Acquisition) systems as well as certain types of bulk
6 power transmission relay protection. The overall impact is
7 projected to be a 125% increase in monthly expenditures
8 phased in over the rate period.

9 Q. Does current maintenance funding effectively address the
10 growing demands and challenges of our telecommunications
11 infrastructure?

12 A. No. There has been an 80% increase in trouble tickets
13 submitted from 2022 to 2024 (141 in 2022, 190 in 2023, 254
14 in 2024), a attributable to the normal degradation of
15 telecom systems over time. TO correct this requires
16 increasing preventative maintenance to preserve system
17 performance as the systems age. The incremental funding
18 request is crucial to reversing this trend. The additional
19 investment will enable us to enhance the reliability and
20 performance of our telecommunications systems, thereby
21 reducing trouble tickets and providing uninterrupted
22 service - especially in our critical energy control
23 centers, where reliable communications are essential to

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1 responding to emergency situations that threaten the
2 stability of the energy distribution and transmission
3 systems.

4 Q. Does the requested funding address emerging
5 vulnerabilities?

6 A. Yes. The proposed funding will allow for timely inspections
7 and proactive maintenance, which are critical for
8 mitigating cybersecurity risks and safeguarding our
9 infrastructure against potential threats. Delaying these
10 necessary improvements not only jeopardizes system
11 integrity but also undermines our ability to respond
12 effectively to emerging vulnerabilities.

13 Q. Does the Company agree with Staff's rationale related to
14 degradation?

15 A. No. As our systems continue to age, without proper
16 maintenance, the risk of severe outages and operational
17 disruptions increases, potentially leading to significant
18 financial losses and reputational damage. Delaying this
19 work will result in further degradation of our
20 telecommunications infrastructure, making future repairs
21 more costly and complex. The longer we postpone upgrades,
22 the more difficult it will become to manage and rectify the
23 avalanche of issues that will undoubtedly result.

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1 For example, failure to promptly complete repairs on the
2 outside fiber optic plant can escalate a minor incident
3 into major outages that disrupt communications among
4 critical facilities (e.g., control centers, substations,
5 generating stations, data centers, and work out locations).
6 This can also impact critical applications like SCADA and
7 tele-protection. Similarly, in the case of fixed and mobile
8 wireless communications systems, escalating incidents can
9 result in insufficient radio coverage, which negatively
10 affects communication between the control center and field
11 crews performing daily work or responding to emergencies.
12 Increased preventative maintenance in the form of more
13 frequent inspections of the fiber optic cables, radio
14 frequency cables and antenna infrastructures, and backup
15 battery and generator plants have resulted in fewer
16 component failures, fewer and shorter systems outages and
17 fewer user complaints and trouble tickets.

18 Q. Do you agree with Staff's rationale that reduced funding
19 for the project is appropriate because it classifies
20 certain elements as strategic?

21 A. No. As explained earlier, even if certain required project
22 elements can be considered strategic, that is an
23 insufficient basis for automatically disqualifying them for
24 funding. Such elements must still be implemented, and

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1 funding recommendations should be driven by the respective
2 merits of those elements in relation to the project, not
3 arbitrary reclassifications.

4 The stewardship of any technology platform must necessarily
5 take strategic elements into consideration because focus
6 exclusively on operational elements cannot address
7 obsolescence issues like lack of support, unavailability of
8 spares, and dwindling expertise as the technology
9 progresses. In fact, it is necessary to continually assess
10 the strategic elements even while a system is adequately
11 supported to preserve functionality across technology
12 generations and to plan effective migrations. Failure to
13 make the necessary strategic investments in a proactive
14 manner can result in adverse operational impact and greater
15 operational costs.

16 **Gas Applications**

17 Q. Please explain the Gas Applications project.

18 A. As we discussed in our initial testimony (Exhibit ___ (IT-
19 4-Upd)), the Gas Applications project is an O&M only
20 program that maintains several Gas Operations IT supported
21 applications, such as Gas Central, Construction and Gas e-
22 Forms and Gas Outage Management. Maintenance includes
23 license cost, technology upgrades and defect fixes. This

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1 maintenance support is required for the proper functioning
2 of both homegrown and vendor supported applications, which
3 support critical business processes and operations. Not
4 doing this required maintenance will have negative
5 consequences, including increased cybersecurity risks,
6 forced obsolescence of cloud-based applications (e.g., the
7 Gas Outage Management system and Construction and Gas e-
8 Forms), and noncompliance of vendor supported applications
9 (e.g., Gas Central) with recommended security patches.

10 Q. Please discuss Staff's adjustments to Gas Applications.

11 A. Staff recommended a budget of \$0.778 million, \$.700
12 million, and \$.700 million for RY1-RY3 respectively for
13 incremental O&M, decreasing the overall request by \$.934
14 million over the three-year period based on the Company
15 request.

16 Q. What was Staff's justification for its recommendations?

17 A. Staff applies its 70 percent adjustment, claiming that
18 there is insufficient justification for the increase.
19 Staff also claims that there are strategic elements that
20 have not been justified on a cost benefit basis. Staff also
21 notes that there will not be a cost avoidance with this
22 project.

1 Q. Do you agree with the Staff Panel's rationale for its
2 reduction?

3 A. No. Staff's assumption that strategic features are non-
4 essential and should be removed from the project scope is
5 incorrect. The white paper quotation Staff uses to place
6 the work into the strategic category is incorrect, as
7 "Remediating technical and functional defects to improve
8 software efficiency and accuracy are also a significant
9 aspect of the maintenance of the system" in no way
10 indicates that the project is strategic. In fact, many
11 applications supporting Gas Operations in this program are
12 operationally required. For example, the Gas Outage
13 Management System and the Gas Service Line system are
14 operationally required applications.

15 The defects that will be remediated as part of the system
16 maintenance are those defects that interfere with the
17 normal functioning of the application and cannot be left
18 unaddressed. These include technical defect fixes provided
19 by the application vendor in the form of security patches
20 to address vulnerabilities. Failing to apply these patches
21 can lead to system instability, security risks, and
22 performance issues. They also include functional fixes for
23 critical defects that affect the ability of these

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1 applications to support business operations. These patches
2 are not provided for obsolete product versions, making
3 these periodic updates necessary.

4 Q. Was Staff's reference to the Gas Central project correct?

5 A. No. Using the description of the Gas Central application as
6 justification for the program being strategic is incorrect.
7 The Gas Central project was implemented in 2022 and already
8 provides the referenced capabilities (i.e., standardization
9 of work processes, better work scheduling, work
10 prioritization, as well as provide a single repository for
11 all work and asset data). The requested O&M is to support
12 the application in its current form, not to develop new
13 capabilities.

14 **II. Customer Applications**

15 **Customer Care and Billing (CC&B) Enhancements and Upgrade**

16 Q. Please describe the Customer Care & Billing (CC&B)
17 Enhancements and Upgrade project.

18 A. In October 2023, the Company implemented Oracle's CC&B
19 system, replacing its more than 50-year-old customer
20 service system with a modern platform that delivers timely
21 and accurate customer bills and better enables customer
22 service representatives (CSRs) and back-office staff to

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1 support customer transactions. Modern billing systems like
2 CC&B require "steady state" support, as well as continued
3 platform upgrades and enhancements to maintain vendor
4 support and provide improved capabilities for customers.

5 In this rate period, the Company requests capital funding
6 for system enhancements that will provide increased value
7 to customers, such as the addition of new programs and rate
8 changes and other priorities identified by the business to
9 support contact center and back-office functions. In
10 accordance with the vendor's upgrade schedule, the Company
11 is also seeking capital funding for a necessary upgrade to
12 the CC&B software platform.

13 Q. Did Staff make recommendations regarding the CC&B
14 Enhancements and Upgrade project?

15 A. Yes. On page 63 of Mr. Carpenter's testimony, Staff
16 recommended reducing the Rate Year 1 capital budget to
17 \$19.646 million, 70 percent of the proposed budget, on the
18 basis that the project contains inadequately justified
19 project elements. Staff further recommended reducing the
20 Company's proposed capital budget to \$19.723 million in RY2
21 and \$62.584 million in RY3, for a total decrease of \$43.695
22 million over the three-year period.

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1 Further, on pages 75-76 of its testimony, the Staff
2 Consumer Services Panel recommended the Company depreciate
3 capital costs over a period closer to the system's useful
4 life and extend the upgrade cycle from five years to eight
5 years.

6 Q. What was Staff's rationale for recommending a 30 percent
7 reduction in the Company's proposed capital budget?

8 A. Staff recommended reducing the Company's proposed capital
9 budget on the grounds that the Company did not adequately
10 justify elements of the project, Staff's impression that
11 project elements were strategic rather than required work,
12 a lack of cost avoidance, reductions to the Integration
13 Technical Obsolescence project, and Staff's assumption that
14 the Company had flexibility to reduce project scope to fit
15 within the proposed budget.

16 Q. Does the Company agree with Staff's recommendations?

17 A. No, as reducing the project budget by 30 percent is not
18 viable.

19 Q. Why is reducing the CC&B Enhancements and Upgrade budget by
20 30 percent not viable?

21 A. A 30 percent reduction across the three rate years does not
22 account for the three distinct workstreams included within

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1 this request: Ongoing Hardware and Software Enhancements,
2 CC&B Integration Testing for Enterprise Migration of
3 Middleware Platform, and CC&B Application Upgrade
4 Implementation. Each of these workstreams has its own
5 timeline and funding needs over the rate period. For
6 example, as detailed in the program's white paper in
7 Exhibit__ (IT-5), RY1 activities are focused on pre-planning
8 discovery to inform the necessary upgrade roadmap and
9 implementation of ongoing enhancements, whereas RY2 and RY3
10 also includes Middleware testing for CC&B integrations as
11 part of an enterprise-wide platform migration, and RY3
12 includes initial funding for the application upgrade
13 required in 2029. Cutting the program budget by 30 percent
14 undermines the Company's ability to properly advance each
15 of these three workstreams and address non-discretionary
16 items required for operational continuance, application
17 resiliency, obsolescence mitigation, and strategic
18 enhancements.

19 Additionally, overall project funding should not be tied to
20 the Integration Technical Obsolescence project. The CC&B
21 Integration Testing for Enterprise Migration of Middleware
22 Platform related to this project is one workstream within
23 the broader request, and the reduction of funding in one

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1 workstream does not mean that the Company has less work or
2 reduced funding needs for other workstreams. There are also
3 more than 400 CC&B integrations impacted by the end-of-life
4 of the Company's middleware platform that require
5 significant regression and performance testing as part of
6 the middleware upgrade process, regardless of how the
7 Integration Technical Obsolescence project is funded.

8 Further, Staff cites a 25 percent scope completion as
9 justification for additional flexibility that can be made
10 to retrofit scope and budget. Cutting project budget based
11 on this singular metric reflects an incomplete assessment
12 of the project's overarching need and status. The Company
13 provided these details of CC&B's enhancement and upgrade
14 requirements more comprehensively in a several
15 interrogatory responses, including DPS-16-415 and DPS-22-
16 550, which further explain the Company's funding needs.

17 Q. How does the Company respond to the statement of
18 inadequately justified project elements and the impression
19 that project elements were strategic rather than required
20 work?

21 A. Following implementation of a new system, as users become
22 more familiar with system capabilities, it is customary
23 that they will identify opportunities for enhancement that

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1 align with their operational needs. At the same time, the
2 system support team progresses beyond the initial elevated
3 level of post go-live support, which shifts its focus from
4 remediating issues to soliciting user feedback on strategic
5 changes that allow for more effective and efficient
6 operations and improved customer service.

7 As detailed in the Company's response to DPS-16-415,
8 ongoing enhancement work is planned on a rolling basis
9 throughout the rate period, with quarterly releases to
10 production. Due to the dynamic nature of business needs and
11 emergent requirements, the Company plans this work
12 iteratively, with roadmaps defined six months in advance.
13 While the Company has not yet identified what specific CC&B
14 enhancements it will need during the proposed rate period,
15 there are more than 500 potential enhancements identified
16 by business users under review for prioritization and
17 development for 2026 and beyond. The Company currently
18 anticipates that these priority enhancement requests will
19 align with some or all of the following areas: arrears
20 management, value of distributed energy resources (VDER)
21 and community distributed generation (CDG), new rates,
22 support for generative artificial intelligence (AI)
23 initiatives, and data privacy and security.

1 For the CC&B upgrade work specifically, a more defined
2 timeline and scope - including required operational
3 activities and "day two" strategic items - will be a key
4 output of the 2026 pre-planning study.

5 Q. How does the Company respond to Staff's statement that
6 there is no cost avoidance associated with the CC&B
7 upgrade?

8 A. The Company disagrees. As stated in the Company's response
9 to DPS-25-596, "The Company's version of Oracle CC&B will
10 be out of extended support in May of 2029. At that time,
11 the Company will not be able to obtain vendor assistance in
12 the event of an issue, defect, or problem without seeking a
13 custom support extension from the vendor. The Company
14 estimates it can avoid custom extended O&M support costs
15 from mid-2029 through mid-2031 of \$14.31 million by
16 upgrading its version of Oracle CC&B."

17 Q. How does the Company respond to Staff's recommendation to
18 adapt the proposed upgrade cycle for CC&B from the proposed
19 five-year cycle to the maximum eight years offered by
20 Oracle?

21 A. The Company's upgrade request already follows the
22 established upgrade cycle offered by Oracle. The eight-year

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1 schedule is based on when the vendor releases the product,
2 not when it is implemented. When the Company implemented
3 CC&B in 2023, it implemented version 2.8, which Oracle
4 released in 2021. Accordingly, Oracle will end support for
5 this version of CC&B in May 2029.

6 Because of its implementation schedule, the Company could
7 not have reasonably implemented a newer version of CC&B in
8 2023. Oracle released the next version of its software,
9 version 2.9, in 2022, while the Company's CC&B
10 implementation was already underway. The Company evaluated
11 version 2.9 and determined that it did not provide enough
12 incremental value to warrant the additional cost and work
13 needed to change the go-live version midstream and the
14 additional risk that doing so would have posed to the
15 project's timeline and the success of implementation. This
16 decision was consistent with a generally accepted principle
17 of large-scale IT implementations known as "N-1." This
18 refers to a strategic approach of choosing one version
19 previous to the most recent version to balance stability
20 and innovation by going live with a more proven solution,
21 thereby reducing risk of unforeseen or unknown issues that
22 might arise with a newer, less thoroughly vetted version.

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1 For these reasons, this planned upgrade schedule aligns
2 with the upgrade and support roadmap established by Oracle,
3 as well as general technology industry practices, as
4 further explained in the Company's CC&B Enhancements and
5 Upgrade white paper in Exhibit__ (IT-5).

6 Q. Are there other concerns with not proceeding with the
7 upgrade on the vendor-recommended cycle?

8 A. Yes. If the Company violates its Software Development
9 Lifecycle policy by keeping the Company on an older,
10 unsupported version of CC&B, it will incur security,
11 privacy, and cyber risks. As the cyber landscape evolves,
12 technology vulnerabilities will increase, and the Company
13 may not be able to apply fixes to newly found
14 vulnerabilities if it uses an unsupported version of CC&B.

15 Q. How does the Company respond to Staff's claim that capital
16 costs should be depreciated over a period similar in length
17 to the system's useful life?

18 A. The Company disagrees. CC&B's capital costs are planned to
19 be depreciated in a manner aligned with the Company's
20 normal processes. The 15-year schedule is typical for a
21 system of this size and cost. The Company uses standard
22 depreciation values for accounting purposes and individual

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1 projects can differ in their actual useful life, which can
2 be impacted by factors like obsolescence, technological
3 advancements, and the need for ongoing patches, upgrades,
4 and repairs.

5 Q. Did other intervenors suggest recommendations to the CC&B
6 Enhancements and Upgrade project?

7 A. Yes. The New York City Electric Infrastructure Panel
8 recommended deferring approval of the \$89.4 million RY3
9 funding request for CC&B Application Upgrade Implementation
10 until the 2026 pre-planning project is complete and the
11 Commission reviews its findings (including a definitive
12 upgrade path, associated costs, and justification over
13 alternatives). New York City also recommended that the
14 Commission should approve funding for ongoing enhancements
15 in RY1 and RY2 only upon receipt of a detailed list of
16 prioritized initiatives with clear individual
17 justifications and cost breakdowns.

18 Q. Does the Company agree with New York City's
19 recommendations?

20 A. No.

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1 Q. Is it feasible for ongoing enhancements to be approved only
2 upon receipt of justification and cost breakdowns, as
3 suggested by New York City?

4 A. No. Enhancements are performed as needed on a rolling basis
5 based on new regulations, evolving business requirements,
6 and improvements in business operations. See DPS-22-550
7 Attachment 1 CC&B Enhancements Inventory for the list of
8 enhancements completed in 2024 and the enhancements on the
9 roadmap for 2025 for context as to the business-critical
10 nature of enhancements to the CC&B platform. Lists of
11 future enhancements are subject to change due to the
12 dynamic nature of business needs and emergent
13 requirements.

14 Enhancing CC&B's technology infrastructure (hardware and
15 software) and capabilities is essential to maintaining
16 Company operations, as nearly every customer-focused
17 business process relies on CC&B. These investments in CC&B
18 will not only enable the performance that customers expect
19 but also maximize system performance on an ongoing basis
20 and safeguard the CC&B system as business processes change
21 and customer, regulatory, and business needs continue to
22 evolve.

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1 Q. Can the Company accommodate delayed approval of the CC&B
2 upgrade funding until its 2026 pre-planning project is
3 complete, as suggested by New York City?

4 A. No. The Company's request includes known CC&B upgrade
5 funding required in RY3 and anticipates additional funding
6 needs in 2029, as the upgrade is expected to span multiple
7 years. The upgrade will be required regardless of the
8 results of the 2026 pre-planning project, which will define
9 the roadmap and scope for upgrade, not whether an upgrade
10 is required. Delaying the upgrade will result in the
11 Company remaining on Oracle CC&B 2.8 beyond the extended
12 support window, leaving the Company unable to obtain vendor
13 assistance without seeking a custom support agreement from
14 the vendor.

15 Q. Were there any other comments received regarding this
16 project?

17 A. Yes, New York City also said the Company should provide the
18 total actual costs of the original CC&B Version 2.8
19 implementation to provide context for the upgrade estimate.
20 These total costs are detailed on page 130 of the Company's
21 2024 Annual Report. CECONY's final costs for the new system
22 were \$510 million. The Company also provided a detailed
23 breakdown of these costs by year in response to DPS-21-541.

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Digital Customer Experience

Q. Please explain the Company's Digital Customer Experience (DCX) request.

A. The DCX program manages the digital assets that allow customers to digitally interact with the Company - including its website, mobile applications, and virtual assistant - for a myriad of self-service transactions, including payment processing, outage reporting and communications, energy usage and billing information, program and preference enrollment, and financial assistance. DCX supports the primary digital experience for the Company's customers and is focused on increasing adoption of digital self-service across key customer transactions.

Q. Please discuss Staff's recommendation regarding the DCX request.

A. On page 178-181 of Mr. Carpenter's testimony, Staff recommend reducing the capital budget from \$15.88 million in RY1 to \$11.198 million, from \$15.88 million in RY2 to \$11.467 million, and from \$15.88 million in RY3 to \$11.719 million. Staff recommended reducing the incremental O&M funding from \$2.54 million to \$1.780 million in RY1, from

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1 an incremental \$330,000 to an incremental \$238,000 in RY2,
2 and from an incremental \$277,000 to an incremental \$204,000
3 in RY3. These budget reductions were based on inflating the
4 average of historical spending to 2026 dollars and reducing
5 O&M by the same percentage as the capital expenditures.
6 This would result in a \$13.256 million reduction in capital
7 and \$2.489 million reduction in O&M over the course of RY1-
8 3. This recommendation also included a reduction of three
9 FTEs, commensurate with the reduction of project scope.

10 Q. How does the Company respond to Staff's recommendation to
11 reduce the project's budget from the Company's request?

12 A. The Company disagrees with this budget reduction and its
13 rationale, and reinforces the need for its original budget
14 request. Historical capital spending from 2020 through 2023
15 for DCX does not include spending associated with the
16 Virtual Assistant program, which was funded separately in
17 the current rate period but is now included within the
18 request for this rate period, as outlined in Exhibit__ (IT-
19 5). Further, 2023 spending was not reflective of historical
20 spend due to CC&B implementation and the associated freeze
21 in capital activity required of other programs across the
22 Customer Operations IT portfolio during that time. Thus,
23 historical numbers do not provide an appropriate benchmark

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1 to anticipate funding needed to maintain and enhance the
2 program.

3 Q. How does the Company respond to Staff's recommendation to
4 reduce the Company's staffing request by three FTEs?

5 A. The Company disagrees with Staff's reduction of three FTEs,
6 particularly Staff's statement that the reduced staffing
7 level will be "sufficient to enable the Company to continue
8 its current strategic efforts." To continue current
9 strategic efforts and also scale to continuously improve
10 the program, the DCX team requires adequate team capacity.
11 In fact, the success of Agile projects depends on
12 resourcing teams, not just scoping deliverables. The team-
13 based funding requested for DCX will equip the business to
14 plan work based on known capacity rather than speculative
15 feature lists. This supports better forecasting and
16 prioritization without overcommitting. More information
17 regarding Agile methodology and the ways in which it is
18 leveraged to determine program priorities and capacity is
19 detailed in the Software Development Lifecycle Section
20 earlier in this testimony.

21 Q. What rationales did Staff provide for its recommended
22 budget reductions?

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1 A. Staff argued the Company provided no evidence that the
2 benefits of the Personalization and Control, Mobile App
3 Enhancement, and Virtual Assistant project elements will
4 outweigh their costs. Staff also argued that the Company
5 provided no evidence of customer expectations or that
6 reducing the budget will result in fewer customers using
7 digital services.

8 Q. How does the Company respond to Staff's argument that the
9 Company has not shown the benefits of these project
10 elements?

11 A. The Company disagrees, as DCX's proposal to enhance its
12 mobile application and virtual assistant, as well as
13 provide more personalization and control to customers,
14 delivers tangible benefits. Internal data and industry best
15 practices reinforce that multiple customer self-service
16 channels help to meet customer expectations for dynamic,
17 personalized, and effective digital experiences. E Source's
18 2024 Digital Metrics survey identified that, of the
19 utilities surveyed, 86 percent had or were planning to
20 launch a mobile app and 70 percent offered or planned to
21 offer chat by a chatbot by the end of 2024.

22 Con Edison's mobile app has about 1.3 million active users
23 engaging with such functionality as bill analysis, payment,

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1 preference management, outage management, and usage
2 evaluation. The mobile app currently has 4.8 out of 5 stars
3 in the iOS app store, tied for the highest satisfaction
4 score out of 57 utilities that offer mobile apps. Upgrades
5 are required to maintain this level of satisfaction and
6 keep pace with quickly evolving application technology, as
7 well as to comply with Google Play and Apple store
8 requirements.

9 The Virtual Assistant (VA) currently supports eight
10 customer transactions and helps customers with a range of
11 frequently asked questions such as understanding high
12 bills, meter readings, Energy Assistance Program (EAP)
13 inquiries, updating account information like name or email,
14 and details about gas inspections. Customers providing
15 customer satisfaction survey responses about the Virtual
16 Assistant rate it a 4.56 out of 5 (based on 11,600
17 responses). Enhancements to the VA program will expand
18 self-service e-bill and payment plan enrollment, outage
19 reporting, account reactivations, and energy usage data,
20 providing customers a conversational digital channel
21 through which to resolve inquiries and access clean energy
22 resources.

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1 Q. How does the Company respond to Staff's argument that the
2 Company has not provided evidence of customer
3 expectations?

4 A. The Company disagrees. If the Company does not continue to
5 invest in its digital platforms, their value and use will
6 erode. As with any technology in today's increasingly
7 digital world, only maintaining the status quo is
8 insufficient to meet rising customer expectations. The
9 business considerations of these rising expectations are
10 well summarized by the saying "The last best experience
11 that anyone has anywhere becomes the minimum expectation
12 for the experience they want everywhere," coined by Bridget
13 Van Kralingen, former VP of IBM Global Markets.
14 For the Company, this means our customers are not comparing
15 our customer service or digital experiences to their water
16 utilities or tax payment digital experiences; they are
17 comparing them to airline, banking, and retail experiences
18 that are delivering efficient and personalized digital
19 experiences across multiple interaction channels. If Con
20 Edison's digital experience is eroded due to a lack of
21 investment, the Company's digitally inclined residential,
22 small business, and large commercial customers will need to
23 call the contact center more frequently, which will

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1 increase the total cost of service for our customer base
2 with the potential of increased wait times to speak to a
3 representative.

4 Q. How do these rising customer expectations relate to the DCX
5 program's proposed "Personalization and Control"
6 workstream?

7 A. Industry trends demonstrate that personalization is a
8 baseline consumer expectation in today's digital landscape.
9 Survey results provided in Exhibit__ (IT-17), DCX Website
10 Personalization Survey Results, found that approximately 75
11 percent of customers are interested in more personalized
12 content and features, particularly program tips and
13 recommendations that can help individual customers save
14 money. The Company's proposed funding for DCX provides
15 opportunities to better serve its customers across all
16 interaction channels with more robust and personalized
17 self-service solutions.

18 Q. Staff also argued that the DCX program costs do not exceed
19 its cost avoidances. How does the Company respond?

20 A. In response to DPS-25-596, the Company estimated that the
21 project avoided costs based on four key transactions that
22 customers can complete digitally: start service, transfer

1 service, stop service, and payment agreement enrollment.

2 The methodology for measuring cost avoidance for these
3 transactions is straightforward and has been reported on in
4 prior rate periods and reports. This includes a stated cost
5 savings of \$10.6 million from 2020-2023 reported in the
6 Next Generation Customer Experience Quarterly reports filed
7 in Cases 19-E-0065, 19-G-0066, 18-E-0067, and 18-G-0068.

8 However, these four transactions do not fully represent the
9 depth and breadth of the self-service and digital
10 experiences available through the DCX program. The
11 authenticated website built by DCX engages 2.3 million
12 monthly users and its mobile apps engage about 1.3 million
13 monthly users. These users interact with 12 primary
14 experiences which have over 7.6 million pageviews in a
15 single month. For these reasons, DCX's value is far broader
16 than the cost avoidance figure Staff cites.

17 Q. What are the risks associated with reducing DCX funding as
18 Staff recommended?

19 A. As the DCX program is well established, underfunding it
20 would require limiting capital investment to necessary
21 platform upgrades and maintenance. In 2024, there were over
22 7.7 million users of DCX's web and mobile platforms,
23 logging in over 295 million times over the course of the

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1 year, compared to approximately 4.8 million calls
2 requesting a representative made to the Company's contact
3 center. The effectiveness of the Company's digital assets
4 would diminish in the absence of these enhancements,
5 driving the significant population of customers who
6 primarily use DCX platforms to interact with the Company to
7 use the contact centers for support instead. The Company
8 expects that customer satisfaction would decrease and
9 frustration would increase over time, as digital-first
10 customers find themselves unable to resolve their inquiries
11 via self-service channels and instead are driven to speak
12 with CSRs to complete a transaction.

13 Regarding O&M decreases, reductions could result in
14 sufficient funding only remaining for incremental increases
15 for fixed licensing costs incurred due to platform growth,
16 user authentication, and verification, but not other needs.
17 As a result, the reductions proposed may require the
18 Company to withdraw from existing contracts and in turn
19 remove functionality from its digital platforms.

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Customer Engagement Platform

Q. Please explain the Company's Customer Engagement Platform (CEP) request.

A. As discussed in Exhibit__ (IT-5), pages 105-124, the CEP is a strategic initiative designed to unify and streamline the Company's customer service operations. It will integrate more than 15 existing IT systems into a single interface, enabling customer-facing employees to efficiently manage complex transactions and deliver personalized recommendations to customers. The platform consists of two main components, the Interaction Dashboard and the Correspondence Center, which together will enhance service efficiency, improve communication, and support clean energy adoption.

Q. Please discuss Staff's recommendations regarding the CEP.

A. In both Mr. Carpenter's testimony and that of the Staff Consumer Services Panel, Staff recommended rejecting funding for the CEP.

Q. What rationale did the Staff Consumer Services Panel provide for its recommendation?

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1 A. At page 86 of its testimony, the Staff Consumer Services
2 Panel argued that there is not "enough information
3 regarding the cost effectiveness of this program" and that
4 it "will generate additional costs when affordability is a
5 key issue facing customers today." The Panel also contended
6 that the program is "redundant to the CC&B system."

7 Q. What rationale did Mr. Carpenter provide for his
8 recommendation?

9 A. At pages 191-192 of his testimony, Mr. Carpenter argued
10 that the CEP was "inadequately justified" with project
11 elements "unnecessary to maintain existing operational
12 standards" and that do not "fill an immediate need."

13 Q. Does the Company agree with Staff's rationales for
14 recommending that the Commission reject the CEP?

15 A. No.

16 Q. How does the Company respond to Staff's assessment of
17 project elements being unnecessary and unjustified?

18 A. The Company views continually improving the customer
19 experience to meet rising expectations as a business
20 imperative, particularly in today's landscape of increasing
21 call volume and complexity, as detailed in the Company's
22 Customer Operations Panel testimony. By leveraging the CEP

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1 to adopt a personalized customer relationship management
2 approach, the Company will enhance the customer experience
3 in a number of ways. For example, by integrating
4 information in a single platform, customer-facing employees
5 will be equipped to provide customers with more holistic
6 solutions, including bundled programs, services, rates, and
7 tools to help customers achieve their individual energy
8 goals. Further, customer-facing employees can leverage
9 contextual information to guide customers on relevant clean
10 energy, payment, and assistance programs.

11 Q. How does the Company respond to Staff's comments that the
12 CEP "does not fill an immediate need?"

13 A. The Company has invested in modernizing its IT systems to
14 support both operations and the customer experience,
15 including CC&B, PEGA, Customer Project Management System
16 (CPMS), and others. While these systems provide their own
17 discrete value to the Company and to our customers, the
18 Company needs to integrate them through a CEP to unlock
19 their full value and realize the strongest possible return
20 on these technology investments.

21 Q. Why is a single interface for customer-facing employees
22 necessary to maintain operational standards?

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1 A. When serving a customer, depending on the inquiry and
2 investigation required, a CSR could need to cross-reference
3 a large number of systems, such as CC&B for billing and
4 rate information, the Meter Asset Management System (MAMS)
5 to confirm meter presence, Profield for un-synced field
6 reports, CPMS for active energy service cases, and PEGA for
7 scheduling meter appointments. Accessing these disconnected
8 systems one by one for each customer interaction is
9 inefficient and fails to provide a comprehensive picture of
10 a customers' needs. The CEP will improve business
11 efficiencies and reduce silos by integrating more than 15
12 IT systems and presenting this information in a single
13 interface. Through the CEP, the Company will reduce the
14 need for CSRs to access multiple systems and provide them
15 with a more complete picture of an individual customer's
16 account needs and opportunities and help CSRs maintain
17 service levels in an environment of increasing call volumes
18 and complexity.

19 Q. Please provide an example of how the CEP uniquely meets
20 customer needs.

21 A. High bill inquiries demonstrate how the CEP uniquely meets
22 customer needs. Today, if a residential customer in a
23 multi-family home contacts customer service with concerns

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1 about a high bill, a CSR will first check the account in
2 CC&B for usage patterns and seasonal history and to
3 determine if readings were actual or estimated. But this
4 information alone would not show the entire picture of what
5 might cause a high bill. For this reason, the CSR would
6 next navigate numerous screens and various external systems
7 to review customer account details and provide solutions.
8 This analysis can include a review of patterns in meter
9 history, identifying meter exchanges or switched meter
10 complaints, viewing usage spikes by day and by hour to
11 identify increased consumption, and reviewing seasonal
12 comparisons and daily temperatures. Based on their
13 analysis, the CSR could draw conclusions about the high
14 bill and, for example, inform the customer that the
15 increase is likely due to extended air conditioning usage
16 during a recent heat wave.

17 With a CEP, the CSR would leverage the Interaction
18 Dashboard to see all applicable information regarding usage
19 spikes and patterns in one place, eliminating the need to
20 check multiple systems. Further, in this dashboard, the CSR
21 would see that the customer is not enrolled in an energy-
22 savings program and that they have an electric vehicle they
23 charge at peak hours. Most of this programmatic-level

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1 information is not easily available to the CSR in the
2 absence of CEP. With this information at hand through the
3 CEP, the CSR can have an informed and productive
4 conversation about usage, best practices, energy efficiency
5 tips, and eligibility for relevant programs to help the
6 customer optimize energy usage and save money.

7 Q. How does the Company respond to Staff's comments that the
8 CEP is redundant to the CC&B platform?

9 A. The Company disagrees. CC&B and CEP are separate and
10 complementary platforms that together improve how the
11 Company serves its customers. But CC&B is not intended to
12 be a customer relationship management tool, nor is it
13 designed to support a CSR through a customer's entire
14 journey - including communications, program-level
15 information, and customer service. The CEP will bridge CC&B
16 data gaps by centering around customer interactions and
17 insights - many of which are not accessible through CC&B -
18 while CC&B will continue to support business processes and
19 operations. Layering a CEP on top of a utility's billing or
20 customer information system is a leading industry practice.
21 Benchmarking during the CEP discovery phase found that at
22 least 26 utilities are using a dedicated CEP tool alongside
23 their billing systems.

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1 Q. How would the CEP improve the Company's cybersecurity?

2 A. Cybersecurity risk is reduced when users access a single
3 platform and complete transactions via APIs that
4 communicate with other systems rather than access a
5 multitude of systems to resolve customer inquiries. As more
6 systems integrate with the CEP, fewer individuals will
7 require access controls to those systems.

8 Q. What is the impact of not implementing the CEP in the next
9 rate period?

10 A. Delaying the implementation of the CEP will only serve to
11 increase costs because potential efficiencies in this rate
12 period, such as improving training and change management,
13 may not apply in future periods. In the absence of a CEP,
14 siloed information systems will continue to provide
15 incomplete views of customer interactions, which
16 complicates the efforts of CSRs to assist customers. The
17 current lack of systems integration limits employees'
18 ability to effectively promote integrated solutions that
19 align programs, services, tools, and rates with customers'
20 energy needs, thereby hindering informed customer decision-
21 making and increasing call handle times.

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1 Q. Did the Company receive any other intervenor testimony
2 regarding the CEP?

3 A. Yes. On pages 34-35 of its testimony, NYECC also
4 recommended rejecting the CEP on the grounds that there is
5 "no evidence indicating that the benefits arising from the
6 project will outweigh the costs" and that the project's
7 workflow improvements, new features, and streamlining are
8 "not necessary to maintain the Company's current
9 operational standards."

10 Q. How does the Company respond to NYECC's statement?

11 A. The Company disagrees, consistent with the Company's
12 rebuttal to Staff's testimony above.

13 Q. Did NYECC provide any additional rationale for its
14 recommendation?

15 A. Yes, NYECC argued that the Company "has not identified
16 customer satisfaction survey results or average call
17 handling times that it seeks to achieve with the Customer
18 Engagement Platform" as a basis for its recommendation.

19 Q. How does the Company respond to NYECC's rationale?

20 A. The Company is mandated to survey customers, and they
21 provide feedback on issues that could be addressed by a

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1 CEP. Additionally, the enhancements to customer service
2 processes resulting from a CEP are necessary to meet the
3 rigorous metrics and targets the Company is already subject
4 to in today's increasingly complex environment.

5 **Customer Analytics, Reporting and Engagement (CARE)**

6 Q. Please explain the Customer Analytics, Reporting, and
7 Engagement (CARE) program.

8 A. As discussed in our initial testimony (Exhibit_IT-5), CARE
9 (formerly known as Customer Recommendation and Analysis
10 Tools) provides a clean energy digital experience through
11 tools to facilitate decision-making, accelerate clean
12 energy technology adoption, and support State and City
13 climate and clean energy goals.

14 Since 2023, CARE has grown and expanded, launching a
15 consolidated and searchable energy efficiency rebate
16 experience, deploying a customer scheduling tool for
17 electric vehicle site assessments, and redesigning clean
18 energy program web pages. Additional efforts underway
19 include centralizing contractor resources, developing tools
20 to guide customers through alternative rate options, and
21 continuing redesign of clean energy program web pages.

22 Q. Did any parties comment on CARE? If so, which witnesses?

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1 A. Two Staff panels -- Markets and Innovation (M&I), and Staff
2 witness Carpenter (Staff Panels), NYC Electric
3 Infrastructure Panel, and AGREE commented on CARE.

4 Q. Please discuss Staff's adjustments to the CARE program.

5 A. Both M&I (pp. 55-69) and Mr. Carpenter (pp. 188-190, and
6 Exhibit_(AC-2)) recommended a RY1 Capital budget of
7 \$11.959 million, decreasing the Company request by \$6.546
8 million. All other budgets between the two panels are
9 different.

10 For capital in RY2 and RY3, only Staff witness Carpenter
11 recommends a capital amount of \$10.785 million, and \$7.048
12 million for RY2, and RY3, respectively. The overall three-
13 year capital decrease is \$18.389 million from the Company's
14 request.

15 As for incremental O&M, M&I recommended a budget of \$2.778
16 million for RY1, decreasing the Company request by \$1.442
17 whereas Staff Andrew Carpenter also recommended a budget of
18 \$2.213 million, \$1.340 million, and \$1.340 million for RY1,
19 RY2, and RY3, respectively for incremental O&M, decreasing
20 the overall request by \$3.330 million.

21 Q. How did Staff justify its recommended budget?

1 A. Staff Panels (M&I, pp. 55-69 and Carpenter, pp. 188-190)
2 claim that the Building Energy Usage Portal funding has
3 been moved to a separate program and therefore is not
4 needed in CARE; that the scope of CARE has changed; and
5 that the program should reflect a level of contingency in
6 line with historical performance. Staff O&M adjustment also
7 removes two FTEs.

8 Q. Did Staff provide any additional recommendations for CARE?

9 A. Yes. Staff recommended allocation of O&M cost for the
10 program to electric and gas customers based on the Customer
11 Operations Common Allocation Expense Factor; and a
12 downward-only reconciliation for CARE program O&M costs.

13 Q. What was Staff's justification for its recommendations?

14 A. For the cost allocation, Staff believes that because the
15 applications will be used by Electric and Gas customers,
16 the cost should be spread across these customers (and the
17 Company agrees).

18 Staff recommends a downward only-reconciliation for CARE
19 program O&M because the CARE program underspent its 2023
20 and 2024 authorized O&M budget, and to require the Company
21 to preserve any unspent funds for customers if the Company
22 underspends its O&M budget.

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1 Q. Please explain other parties' recommendations.

2 A. The City describes CARE as a large, integrated program
3 versus a more Agile, incremental program, questions the
4 necessity and timing given a recent slowdown of the
5 development of the clean energy market.

6 AGREE (pp. 58-66) states that there appear to be
7 contradictions about which capabilities are committed and
8 which are exploratory, provides comments about the program
9 in general, and also provides recommendations regarding
10 rate education tools and rate marketing, education, and
11 outreach (MEO) strategies, such as rate tools and customer
12 outreach approaches to support each stage of the customer
13 rates journey, from pre-enrollment, enrollment, and post-
14 enrollment.

15 Q. Before getting into the recommendations, what is CARE's
16 relationship to the Building Energy Usage Portal (BEUP)?

17 A. BEUP is one of several projects developed in the CARE
18 portfolio of projects to improve the customer experience.
19 Design and build of the new portal began under CARE, but
20 resources and funding for ongoing development and
21 maintenance were requested in this rate case in a separate
22 white paper and those forecasted costs were removed from

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1 the forecast for CARE's request. BEUP is no longer part of
2 CARE and there is no funding in this CARE request for BEUP.

3 Q. Do you agree with the Staff's rationale to decrease program
4 funding?

5 A. No. CARE is a portfolio of projects to support customer
6 engagement and participation in the Company's clean energy
7 programs and to help meet the State's clean energy goals.
8 Staff's rationale misunderstands the work that needs to be
9 done. While CARE enhanced the BEUP platform during 2023-
10 2024, the program set other priority work aside to work on
11 BEUP. As the recent CARE reports demonstrate, there is much
12 work underway and to be done for CARE. For example, CARE is
13 developing a Clean Energy Resource Center that centralizes
14 information and tools for customers.

15 Given the move off BEUP-type work and fully into CARE work,
16 using the historic spending level is incorrect. CARE is
17 focused on this work and the budget should reflect the work
18 needed to be done.

19 Moreover, for incremental O&M, as noted herein, this
20 project, like many others, has an O&M tail and requires O&M
21 for software licenses and hosting fees, contract resources,
22 and ongoing customer journey mapping and market research.

1 Q. As to the FTE reduction, what work needs additional labor?

2 A. The requested incremental FTEs reflect resources necessary
3 to support the overall CARE program and projects put into
4 service. This includes product resources to manage changes
5 or enhancements, such as updates to clean energy programs
6 to reflect regulatory or program changes, and technical
7 resources to support the maintenance of the product and
8 address potential bugs and ongoing product testing.

9 In addition to supporting product maintenance and support,
10 incremental FTE resources are needed to coordinate across
11 the clean energy program teams to track clean energy policy
12 and regulatory priorities or changes, assess impacts on
13 existing and new products for strategic guidance, and
14 identify potential overlap and opportunities for cross-
15 functional product development or enhancements. For
16 example, expanding the CARE program to support external
17 clean energy professionals and electrification priorities
18 requires coordination with multiple clean energy programs
19 such as energy efficiency, E-mobility, and distributed
20 generation, along with coordination with other Company
21 organizations such as Electric Operations, Customer
22 Operations, and Corporate Affairs.

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1 Q. Please comment on the downward-only reconciliation for
2 CARE's O&M budget.

3 A. A downward-only reconciliation of O&M for CARE is
4 inappropriate. First, Staff has not provided any evidence
5 that there is a need for this reconciliation.

6 Moreover, a downward reconciliation exposes the Company to
7 all downside risk of cost overruns, while providing no
8 opportunity for recovery if costs exceed the forecast.
9 Imposing a downward-only reconciliation would hinder the
10 Company's ability to leverage an Agile and iterative
11 approach to product development and enhancement, and to
12 respond to evolving customer and clean energy needs. This
13 adjustment forces the Company to potentially postpone the
14 work necessary to complete the project in the event costs
15 are higher than forecast, even if the increased costs are
16 outside the Company's control. Rather than address needs in
17 real time, the Company could be forced to delay program
18 updates, which will cost more to complete later.

19 Q. Please comment on the City's position.

20 A. First, CARE is a portfolio of distinct, and in some cases
21 interrelated, projects that leverage an Agile and iterative
22 approach to product development as explained herein. The

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1 Company's addresses the City's comments with the exception
2 of the next question later in this testimony.

3 Q. Do you agree that the clean energy market is slowing down?

4 A. No. While the clean energy market faces multiple headwinds,
5 the market is still growing even if the growth rate may
6 slow. Even assuming the City is correct and it is slowing
7 down, to meet the Company's and State's clean energy goals,
8 the Company must continue investments, like CARE, to
9 support customer education and engagement in clean energy
10 programs to facilitate the needed customer clean energy
11 participation and adoption.

12 Q. Do you agree with AGREE's description of CARE?

13 A. No. AGREE incorrectly states that there are contradictions
14 about which capabilities are committed and those that are
15 exploratory. CARE commits to implementing enhancements that
16 support customer exploration of rate options available
17 based on clean energy technology adoption. As described
18 above, the Company is taking an iterative approach to
19 developing rate products, beginning with a rate education
20 module to facilitate residential customer understanding of
21 components of their utility bill and the alternative rate
22 options available. Please see the quarterly filings on

1 CARE's progress regarding new, existing, and upcoming
2 products.

3 Q. Please comment on AGREE's other recommendations.

4 A. These recommendations should not be required. As described,
5 CARE uses a phased approach to product development. As part
6 of this development process, the Company will assess
7 potential rate product enhancements and develop products in
8 phases to facilitate customer engagement and gather
9 feedback for improvements.

10 **Building Energy Usage Portal**

11 Q. Please explain the Building Energy Usage Portal (BEUP)
12 program proposal.

13 A. As discussed in our initial filing (Exhibit__(IT-5)), BEUP
14 is an online digital product that provides aggregated
15 Electric, Gas, and Steam building usage data to customers
16 for local law compliance, benchmarking, and promoting
17 energy efficiency across buildings. The Company developed
18 and implemented BEUP and has been providing data to
19 customers. However, in recent years, local law requirements
20 mandate additional buildings to report this data.
21 Therefore, the Company needs to evolve the current process
22 to create platform flexibility to adapt to changing data

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1 requirements and expanded user bases, strengthen data
2 quality management processes, and deliver features
3 requested by users.

4 Q. Did any party address this project?

5 A. Yes. Two different NYC Panels addressed this project.

6 First, NYC's Electric Infrastructure Panel recommends the
7 Company demonstrate strong justification and cost benefit
8 analysis for BEUP work exceeding compliance or targeting
9 user needs.

10 Second, NYC's Policy Panel asserts that there have been
11 data quality issues, and that there should be strict
12 oversight of the BEUP project due to overruns in budget and
13 delays in timing.

14 Q. Turning first to the NYC Electric Infrastructure Panel, do
15 you agree that that BEUP work should not exceed compliance
16 and target user scope, and that it should demonstrate
17 strong justification?

18 A. No. NYC takes a myopic view of this program, failing to
19 understand that there are (and will be) other benchmarking
20 data requirements. BEUP's work scope cannot be limited to
21 NYC compliance and benchmarking user needs. Rather, the

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1 platform needs to be able to service Westchester and its
2 municipalities' benchmarking requests.

3 Q. Are there new NYC and Westchester requirements that BEUP
4 needs to incorporate?

5 A. Yes. New York City Local Law 97 now requires benchmarking
6 by Building Identification Number (BIN) instead of Borough,
7 Block, and Lot (BBL). And Westchester municipalities are
8 starting to mandate benchmarking; for example, the Landlord
9 Registry Law of 2022, and Local Law 4 of 2016. In addition,
10 the Company already files an annual report to the
11 Commission on the performance of the benchmarking platform.

12 Q. Was this in the initial scope of the project?

13 A. No. These categories are not in the current platform as
14 they were not previously required. It is only within the
15 past 2-3 years that the City has made this request.

16 As discussed above, New York City Local Law 97 now requires
17 benchmarking by BIN instead of BBL. These categories are
18 not in the current platform as they were not previously
19 required.

20 Q. Are there also proposed and/or expected additional
21 compliance requirements?

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1 A. Yes. For example, New York City is likely to include
2 buildings over 10,000 square feet, not the current 25,000
3 square feet, as proposed in the City Council Bill Int 0185-
4 2024. Additional Westchester municipalities could adopt
5 similar local laws to the Landlord Registry Law of 2022,
6 and Local Law 4 of 2016.

7 Q. Does the City have visibility into the Company's BEUP work?

8 A. Yes. In addition to monthly stakeholder meetings on this
9 platform, the Company files an annual report to the
10 Commission on the performance of the benchmarking platform.

11 Q. Should the Company be limited to only performing work
12 necessary for compliance?

13 A. No. There may be other work that stakeholders want that may
14 be above compliance and should be undertaken.

15 Q. Need the Company perform a cost benefit analysis for this
16 work?

17 A. No. And the Company questions if the CBA comes out
18 underwater, whether the City would still insist on the
19 work.

20 Q. Will the work included for this project meet expected
21 municipal requirements?

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1 A. Yes. The proposed re-architecture will simplify platform
2 adaptability to changes in Covered Building Lists going
3 forward. To enable Westchester and New York City non-
4 benchmarking customers to use BEUP's automations, similar
5 data structure and website changes must be made. See
6 Exhibit___(IT-13) for responses to DPS-47-982 and NYC-12-
7 242 that explain the necessity of changing the BEUP to
8 address local law data requirements. Adapting the platform
9 and data model to accommodate known and expected policy
10 changes, and the features that accompany those, enables the
11 delivery of timely and accurate usage data needed by the
12 target stakeholders and customers.

13 Q. As to the NYC Policy Panel's criticism, please explain the
14 Panel's position.

15 A. NYC Policy Panel stated that there have been issues with
16 the quality of data provided, such as incomplete data sets
17 and erroneous usage information that undermines building
18 owners' ability to comply with Local Law 97.

19 Q. Please explain the work that the Company has done to
20 address previous NYC complaints about Con Edison's
21 benchmarking platform.

22 A. In 2024 (for the 2023 benchmarking season), the Company
23 launched an improved benchmarking portal that reduced

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1 delays in providing data and addressed the stakeholder
2 issues. The Company implemented stakeholders' requests to
3 change from billing to metering usage data (AMI) for more
4 precise source system data.

5 Q Do you agree with the NYC Policy Panel statements?

6 A. Most reporting systems will have scattered data issues.
7 The biggest cause of data concerns reported by customers
8 are due to factors beyond the Company's control. AMI
9 aggregated data can vary from customer account billing data
10 for a number of reasons including calendar versus billing
11 trip calculation cycle, estimation and billing hold
12 business reasons, account status, and included versus
13 excluded meter services classes reported for local law
14 compliance.

15 One of the most frequent causes of data issues is due to
16 BBL changes by the NYC Department of Finance. When BBL
17 information changes, it does not update automatically or
18 frequently in the DOB database where the Company must
19 retrieve data, resulting in incorrect data. This causes
20 customers to contact Con Edison, the DOB, and the NYC
21 Sustainability Help Center for assistance, resulting in a
22 negative customer experience.

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1 Q. Will the program address the NYC Policy Panel concerns
2 about data?

3 A. Yes. The proposed re-architecture of the BEUP data model
4 will improve data quality management and alleviate the
5 current customer concerns. The plan includes creating tools
6 for data quality management and reconciliation between
7 business systems. This will give the Company insight into
8 areas of divergence as they occur so that the correct logic
9 can be applied to provide customers the most complete and
10 accurate consumption data.

11 To address the problems caused by delays in the DOB
12 reflecting BBL changes, the BEUP plan includes developing a
13 technical process to regularly monitor the tax lot and BBL
14 changes from the New York City Department of Finance to
15 take steps proactively.

16 Q. Do you agree with the NYC Policy Panel that the BEUP
17 project has had overruns in budget and delays in timing?

18 A. No. The Policy Panel did not cite any budget overruns or
19 delays. The BEUP project was not over budget and was on
20 time for the 2024 benchmarking season.

21 Q. Explain the position in the City of New York Policy Panel
22 about BEUP's readiness for the 2025 benchmarking season.

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1 A. The City incorrectly claims that Con Edison was not
2 prepared to support customer needs related to Local Law 97
3 by the first reporting period in 2025.

4 Q. Was the BEUP tool ready for the 2025 season?

5 A. Yes. The system was tested and launched before the 2024
6 benchmarking season and was again vigorously tested and
7 ready for 2025. All data issues discovered in 2024 were
8 resolved and did not recur in 2025. In preparation for the
9 2025 season, the team completed an extensive data review
10 and update.

11 Changes that have occurred this season are due to specific
12 customer circumstances and were not widely impactful.

13 Q. What did the NYC Policy Panel state about the BEUP data
14 process?

15 A. The Panel stated that consumption data is uploaded to
16 customers' Energy Star Portfolio Manager (ESPM) accounts 1-
17 3 days after a request is made, and that this request has
18 to be repeated annually after March 1.

19 Q. Do you agree with this description of the BEUP benchmarking
20 process?

21 A. No. The current process of setting up a property in the
22 benchmarking portal and receiving data from Con Edison is

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1 Q. Please discuss Staff's recommendations regarding the
2 Enterprise Data Privacy Program.

3 A. Staff recommended reducing the Company's proposed capital
4 budgets for this program from \$15.6 million to \$5.063
5 million in RY1, from \$16.8 million to \$5.184 million in
6 RY2, and from \$9.36 million to \$5.298 million in RY3.
7 Overall, this represents a reduction of \$26.215 million out
8 of the \$41.76 million total request, or nearly 63 percent,
9 over the three-year period.

10 For the project's O&M budget, Staff recommended reducing
11 the Company's request for \$6.364 million in incremental O&M
12 funding in RY1 to \$2.065 million and recommended rejecting
13 in full the Company's proposed incremental reduction in O&M
14 funding of \$1.968 million in RY2 and its request for an
15 incremental \$161,000 in O&M funding in RY3. Over the three-
16 year period, this reduces the program's O&M request by
17 \$9.122 million.

18 Q. Did this reduction impact any requested FTEs?

19 A. Yes. Staff recommended the removal of seven of the 10 FTEs
20 requested by the Company, commensurate with the reduction
21 in project scope.

22 Q. What was Staff's justification for its recommendations?

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1 A. Staff argued that the Company had not shown that the
2 benefits of the project would outweigh their costs or that
3 the Company's current standards and practices were
4 insufficient or inadequate.

5 Q. Do you agree with Staff's rationale for its
6 recommendation?

7 A. No. Staff states that its cuts will still enable the
8 Company to continue improvements and support the original
9 build work deployed in 2024. However, Staff's recommended
10 reductions in the proposed budget and staffing for this
11 program - including the activities that Staff has
12 categorized as incremental improvements - would hinder the
13 Company's ability to effectively manage and enhance its
14 systems, processes, tools, and controls, which are required
15 for compliance with federal privacy legislation, PSC-
16 mandated privacy assessment recommendations, as well as to
17 meet consumer and industry standards regarding data
18 privacy. The Company also disagrees with the methodology
19 Staff used to set its recommended budget levels.

20 Q. Why does the Company disagree with the budget reduction
21 methodology?

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1 A. Staff made its capital budget recommendation by inflating
2 two years of historical spending (2023-2024) to 2026
3 dollars; Staff then reduced the Company's O&M request by
4 the same percentage as the capital expenditures. This
5 methodology is flawed, however, as the Enterprise Data
6 Privacy Program has only recently been established, as
7 evidenced by the fact that Staff only had two years of
8 historical data to apply. As the program has not been fully
9 implemented and stabilized, historical numbers do not
10 provide an appropriate benchmark to anticipate funding
11 needed to maintain and enhance the program.

12 Q. How will this program deliver value and avoid costs to the
13 Company?

14 A. The purpose of this program is to enable compliance and
15 risk management, as well as to meet customer expectations
16 regarding their data privacy. The New York State Office of
17 the Attorney General, under GBL §§ 899-AA, 899-BB, and 349,
18 and the Federal Trade Commission (FTC), under Section 5 of
19 the FTC Act, have aggressively pursued enforcement actions
20 against companies that fail to protect consumers from harm
21 when their personal data is exposed in breaches or other
22 data loss incidents. Apart from the loss of public trust
23 resulting from these incidents, settlements and agreements

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1 from these enforcement actions often include costly
2 remediation and upgrade work and significant fines. Federal
3 regulators have also expanded their focus on how consumers'
4 personal information is used for steady under the
5 Controlling the Assault of Non-Solicited Pornography and
6 Marketing (CAN-SPAM) Act and the Telephone Consumer
7 Protection Act (TCPA).

8 Q. How do you respond to the statement that the current
9 standards and practices are adequate?

10 A. Staff's position underestimates the legal and compliance
11 risks that are mitigated by continuing to invest in this
12 program.

13 Since the start of Case 13-M-0178, the Company has enhanced
14 its overall privacy program, such as through the hiring of
15 a Data Privacy Officer, performing PII annual assessments
16 as required by Commission order, and establishing the
17 Enterprise Data Privacy Program.

18 The Enterprise Data Privacy Program is required to sustain
19 and continually evolve with the Company's approach to
20 privacy compliance. For example, the program activities for
21 which the Company seeks funding stem from recommendations
22 from the annual PSC-mandated PII assessment conducted by

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1 expert third parties. Through these assessments, the
2 Company has received recommendations for "steady state"
3 activities around automating Privacy Impact Assessment
4 processes, developing a PII inventory and active directory
5 for PII systems, mapping PII data flows, and supporting
6 compliance surrounding data sharing and opt-out procedures.
7 The capital enhancements proposed would enable the Company
8 to meet additional PII Assessment Plan recommendations,
9 such as by implementing workstreams that address data
10 minimization, retention, and destruction practices.

11 With the exponential growth of customer data since the
12 deployment of AMI and the ongoing growth of consumer data
13 sharing, manual processes cannot keep up with or match the
14 benefits of technologies designed for these purposes. The
15 program creates efficiencies, transparency, and
16 standardization as to how PI/PII is handled across the
17 enterprise.

18 Q. How dynamic is the data privacy landscape?

19 A. Very dynamic, with frequent new and modified laws and
20 regulations. There have been meaningful additions since the
21 Company's initial filing in late January 2025. For
22 instance, in April 2025 the Department of Justice released
23 new regulations governing access to bulk sensitive U.S.

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1 personal data. Within these compliance guidelines includes
2 "risk-based procedures for verifying data flows and vendor
3 screening," which the Company plans to address through the
4 request for a third-party data sharing governance platform
5 as part of the Enterprise Data Privacy Program. These
6 compliance needs are also addressed through continually
7 improving the Company's privacy management and privacy
8 review processes, which the Company has sought to enable
9 through a steady state privacy operations team.

10 Q. Are customers expressing their data privacy expectations to
11 the Company?

12 A. Yes. Customers' engagement with the Company about their
13 personal data and privacy rights continues to increase,
14 with 249 data privacy inquiries received in 2024 compared
15 with 97 in 2023. This trend has continued into 2025, with
16 103 data inquires received from January to May 2025. Even
17 in the absence of a comprehensive New York State privacy
18 law requiring fulfillment of these requests, the privacy
19 operations team still has an obligation to respond to
20 customer inquiries accurately and in a timely manner.

21 Q. Are there any cybersecurity concerns related to Staff's
22 recommendations?

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1 A. Yes. The National Institute of Standards and Technology
2 (NIST) has the gold standard of cyber frameworks, as well
3 as a privacy framework that shows the relationship between
4 privacy and cybersecurity. For example, automated privacy
5 workflows and robust data mapping programs support a strong
6 cyber incident response, reducing the costs of incident
7 management and enabling faster customer and regulator
8 notifications. The Enterprise Data Privacy Program is
9 designed to reduce the extent and impact of a cyber event
10 by minimizing the retention of unnecessary data and
11 limiting possible legal exposure in breaches.

12 **Community Distributed Generation Platform**

13 Q. Please explain the Community Distributed Generation
14 Platform project.

15 A. As the Company discussed in its initial testimony in
16 Exhibit__(IT-5) at pages 41-49, the objective of the
17 Community Distributed Generation (CDG) Platform project is
18 to provide ongoing enhancements to the Company's Value
19 Stack Customer Platform, the technology solution that the
20 Company uses to manage Value of Distributed Energy
21 Resources (VDER) programs. Additionally, this project will
22 provide additional staffing for the Clean Energy Market
23 Operations, Business Technology, and IT Business Systems

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1 Delivery (BSD) teams to enable the Company to manage VDER
2 program growth and ongoing program operations.

3 Q. What was Staff's recommendation regarding the Community
4 Distributed Generation Platform project?

5 A. Staff recommended on page 168 reducing the capital budget
6 from \$9.09 million to \$4.922 million in RY1, from \$9.91
7 million to \$5.04 million in RY2, and from \$10.69 million to
8 \$5.15 million in RY3, calculated by inflating historical
9 2024 spending to 2026 dollars. Staff proposed O&M reduced
10 by the same percentage as capital, from an incremental
11 \$8.054 million to \$4.361 million in RY1, from an
12 incremental \$845,000 to \$430,000 in RY2, and from an
13 incremental \$510,000 to \$246,000 in RY3. These reductions
14 result in \$14.577 million less in capital and \$12.173
15 million less in O&M over the three-year rate period.

16 Q. Does Staff's recommendation include a reduction to FTEs?

17 A. Yes. Staff recommended rejecting all 19 FTEs requested by
18 the Company.

19 Q. What was the basis for Staff's recommendation to reduce the
20 Company's requested capital and O&M budgets?

21 A. On page 168 of its testimony, Staff argued that "the
22 project contains several elements unnecessary to maintain

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1 compliance with current regulations." Specifically, on
2 pages 169-170 of its testimony, Staff argued that the
3 customer self-service and operational efficiency
4 enhancements are merely strategic and that there is no
5 evidence that their benefits will outweigh their cost. For
6 these reasons on page 170, Staff recommended that the
7 Company instead prioritize project elements necessary for
8 regulatory compliance.

9 Q. Does the Company agree with Staff's recommendation to
10 reduce the capital and incremental O&M budgets?

11 A. No. First, the methodology to base the Rate Year 1 capital
12 budget on historic 2024 spending and apply the same percent
13 reduction to O&M is flawed, as this approach ignores future
14 spending that is needed to address CDG-related business and
15 regulatory needs. Second, the Company disagrees with
16 Staff's assertion that elements of the CDG Platform project
17 are not necessary for the Company to maintain compliance
18 with both current and anticipated future regulations.

19 Q. Why is Staff's method of calculating capital and O&M
20 reductions problematic?

21 A. The Company's 2024 capital spend reflects the
22 implementation of a new minimum viable product (MVP)

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1 version of the Value Stack Customer Platform, which
2 included only essential core functionality. As a new IT
3 project initiative, this MVP version of the Value Stack
4 Customer Platform did not incur any operations and
5 maintenance costs in 2024. In 2025, the Company advanced
6 the platform from an MVP to full product version,
7 incorporating expanded features and additional system
8 integrations. This evolution necessitates additional FTEs
9 for the Business Technology and IT BSD teams to manage
10 ongoing operations, maintenance, and continuous improvement
11 of the platform, but Staff's proposed method of calculating
12 O&M reductions omits these necessary costs.

13 In addition to supporting the expanded functionality of the
14 Value Stack Customer Platform, the Company also requires
15 additional staffing across both IT and Business teams to
16 build out critical integrations with upstream and
17 downstream systems. These include the Meter Data Management
18 System (MDMS) for accurate and timely meter information,
19 two-way communication with the CC&B system to provide
20 seamless customer account synchronization, and integration
21 with the CPMS to support distributed generation tracking
22 and settlement. These system linkages are essential for the
23 platform to operate as a fully functional, end-to-end

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1 solution that supports the growing complexity and volume of
2 CDG and VDER programs. This is further evidenced by
3 Attachment 2_CDG FTE Calculation of the Company's response
4 to DPS-28-688, which shows that current staffing levels for
5 Business Technology and IT BSD teams are insufficient to
6 cover this expected growth in workload.

7 Moreover, Staff's approach to O&M reductions overlooks
8 staffing levels required for the Clean Energy Market
9 Operations team to support anticipated growth of VDER and
10 CDG programs. As shown in the Company's forecasted trend
11 analysis in DPS-28-688 Attachment 1_CDG Market Growth, the
12 Company anticipates an almost 50 percent increase in VDER
13 projects over the next year, from 984 in 2025 to 1,465 in
14 2026. Based on the Company's current VDER monthly
15 generation and completion rates, the Company requires
16 additional FTEs to manage this project growth.

17 Finally, Staff's O&M recommendation to reject all 19 FTEs
18 requested by the Company is in no way "commensurate with
19 the reduction in project scope," as Staff argued on page
20 170. Without funding to support any dedicated FTEs,
21 increases in VDER and CDG participation levels may cause
22 billing and crediting backlogs, which could lead to a poor
23 customer experience and impact customer satisfaction.

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1 Additionally, without staffing to manage technical and
2 operational dependencies between the Value Stack Customer
3 Platform and other data management and billing systems, the
4 Company risks delays, data inconsistencies, and reduced
5 service quality.

6 Q. Why is the CDG Platform project necessary to maintain
7 regulatory compliance?

8 A. Since 2017, the Commission has issued more than 50 orders
9 in proceedings related to VDER and/or CDG. Additionally,
10 the Company anticipates future Commission orders, including
11 new CDG program performance metrics for accuracy,
12 timeliness, and responsiveness to customer and host
13 inquiries. As detailed in the Company's response to DPS-28-
14 688, despite the large number of Commission orders and
15 rapid emergence of associated DER crediting programs, the
16 Company's implementation and administration of such
17 programs have not been previously funded. Specifically,
18 funding is needed for a permanent, dedicated staff to
19 continue administering DER billing and crediting programs
20 and manage ongoing enhancements, operations, and
21 maintenance of the Value Stack Platform, which critically
22 supports and enables the administration of these
23 programs.

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1 The Company's proposed self-service and operational
2 efficiency enhancements are necessary for the Company to
3 continue providing timely and accurate billing, which the
4 Commission's September 2022 Order Establishing Process
5 Regarding Community Distributed Generation Billing in Case
6 19-M-0463 et al. states is "essential to the success of
7 energy programs such as CDG." As detailed on page 45 of
8 Exhibit__ (IT-5), the Company's planned work will generate
9 important improvements in the timeliness, quality, and
10 accuracy of billing and crediting, such as a reduction in
11 crediting cycle times and an associated improvement in DER
12 project revenue streams that depend on these processes.
13 Without these enhancements, the Company will depend on
14 existing tools and manual processes that cannot be scaled
15 to meet expected CDG market growth, which would negatively
16 impact the customer experience.

17 Q. Has the Company demonstrated expected cost avoidance to be
18 generated by this project?

19 A. Yes. As detailed in the Company's response to DPS-19-503,
20 the Company estimated a total potential cost avoidance of
21 \$20.5 million for the CDG Platform project based on the
22 potential for this project to eliminate the need to add up
23 to 70 additional FTEs by the end of RY3. The Company

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1 identified further cost avoidance in Attachment 3_Estimated
2 CDG Cost Offset of its response to DPS-28-688.
3 Specifically, the Company estimates \$3.7 million of cost
4 avoidance from Rate Year 1 to Rate Year 3 based on a
5 reduction in outside consultants from eight to five as a
6 result of the hiring FTEs requested for this program.
7 Furthermore, the Company expects additional cost avoidance
8 by transitioning the CDG platform from a vendor-supported
9 model to one primarily supported internally by IT, reducing
10 long-term reliance on external vendors and associated
11 support costs.

12 Finally, these changes will enable the CDG program to scale
13 up and effectively serve more customers who want to enroll,
14 while also advancing the Company's clean energy commitment
15 and helping to achieve CLCPA goals by facilitating
16 investment and participation in clean energy projects. The
17 Company's request, if funded, will also provide assurance
18 to clean energy project developers that the Company is
19 dedicated to this work and will keep supporting and
20 enhancing its processes.

21

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1 **Billing and Payment Enhancements**

2 Q. Please explain the Billing and Payment Enhancements
3 program.

4 A. As discussed in Exhibit__ (IT-5), the Billing and Payment
5 Enhancements Program will maintain necessary processes and
6 introduce new technology upgrades to improve the customer
7 billing and payment experience. These enhancements will
8 empower customers by increasing billing clarity, payment
9 offerings, and program awareness. Specific activities
10 outlined in this proposal include funding to maintain
11 existing technology systems and processes, installation of
12 modern kiosks in customer walk-in centers and non-Company
13 locations, expansion of kiosk payment options to debit and
14 credit card payment and digital wallets (i.e., Apple Pay,
15 Google Pay, PayPal, and Venmo), and launching personalized
16 video messaging to target customers for enrollment in the
17 Company's paperless billing, budget billing, and auto-pay
18 programs.

19 Q. Why is it necessary for the Company to replace its current
20 kiosks with modern, upgraded kiosks?

21 A. Payments are one of the primary reasons customers visit the
22 Company's walk-in centers. To better meet these customers'

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1 needs, the Company has deployed kiosks to handle payments,
2 allowing CSRs at the locations to assist customers with
3 more complex transactions. The existing kiosks, however,
4 are nearing end-of-life and require frequent maintenance,
5 which impacts their availability for customers to make
6 payments. In addition, the lack of credit and debit card
7 payment options, which are now standard for payment
8 transactions across industries, limit the kiosks'
9 usefulness in meeting customer needs. The kiosks are
10 further limited in that they can only support English and
11 Spanish-speaking customers.

12 Deploying modern self-service kiosks addresses these
13 issues. These upgraded kiosks will be available to more
14 customers, including those who speak one of at least nine
15 languages other than English or Spanish and those who
16 prefer to pay via methods other than cash.

17 Q. Please discuss Staff's recommendation regarding the Billing
18 and Payment Enhancements program.

19 A. In both Mr. Carpenter's testimony and that of the Staff
20 Consumer Services Panel, Staff recommended that the
21 Commission reject all capital and incremental O&M funding
22 for the Billing and Payment Enhancements program.

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1 Q. What rationale did the Staff Consumer Services Panel
2 provide for this rejection?

3 A. On page 78-79 of that Panel's testimony, Staff argued that
4 the Company does not need to replace "functioning" kiosks
5 and that customer feedback suggests that the Company's
6 proposals are not wanted or needed. Staff also wrote that
7 the proposed enhancements are not needed at this time,
8 especially in light of affordability concerns.

9 Q. Does the Company agree with the Staff Consumer Services
10 Panel's rationale?

11 A. No, because this work is needed and required. While payment
12 kiosks do exist in the Company's customer walk-in centers
13 today, this equipment is nearing end-of-life and requires
14 replacement. The current kiosks are incompatible with
15 Windows 11, and the final version of Windows 10 used by the
16 kiosks will reach end-of-servicing from Microsoft in
17 October 2025. Moreover, as the current kiosks are at the
18 end of their lifecycle, they require frequent service calls
19 for hardware-related issues, with some out of service due
20 to these issues.

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1 Q. Does the Company agree with the statement "customer
2 feedback overwhelmingly indicates these changes are not
3 wanted or needed"?

4 A. No. The customer feedback Staff references from DPS-30-730,
5 Attachment 5, was collected via a survey of customers who
6 successfully completed payment using walk-in center kiosks.
7 These results, however, do not reflect the experience of
8 customers who were unable to complete payment at the kiosks
9 because they were out of service. Customers' overwhelmingly
10 positive experience with the kiosks reinforces the need to
11 enable the continued availability of this method of payment
12 by upgrading the kiosks as they reach end-of-life.

13 Survey results referenced in the Company's initial filing
14 and in the Company's response to DPS-30-730 further
15 reinforce the value of additional payment methods,
16 particularly for underbanked or low-income customers. As
17 described on page 8 of DPS-30-730 Attachment 5, survey
18 results indicated 78 percent of these customers who
19 previously used walk-in centers for payment would be likely
20 to use a neighborhood kiosk located outside of a walk-in
21 center. Further, those seeking improvements to the kiosk
22 experience most commonly improved location and payment

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1 options, consistent with the Company's proposed project
2 activities.

3 Q. What other feedback did Staff provide in Mr. Carpenter's
4 testimony related to this proposal?

5 A. On page 262 of Mr. Carpenter's testimony, he agreed with
6 the Staff Consumer Services Panel that "the project is
7 inadequately justified" and the program "adjustment was
8 inadvertently excluded from the revenue requirement models
9 and the revenue requirement approved by the Commission
10 should reflect the removal of the project."

11 Q. Does the Company agree with the Mr. Carpenter's rationale
12 for recommending that the Commission deny funding for the
13 Billing and Payment Enhancements Program?

14 A. No, the Company disagrees with Staff's assessment. As
15 mentioned above, the justification for this program is
16 rooted in providing functional kiosks, while also expanding
17 payment methods to provide more options for customers to
18 better manage their payments - particularly those customers
19 facing financial difficulties.

20 The statement related to the program's exclusion from
21 revenue requirement models reflects a misunderstanding of
22 the Company's IT Panel Update Testimony. In that filing,

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1 the Company reported for this program an updated O&M
2 request (now an incremental decrease) to reflect a
3 reduction of \$5.6 million annually over RY1-3 based on a
4 renegotiated contract for document processing fees and
5 credit and debit card transaction fees. This update does
6 not reflect any prior exclusion of aspects of this program
7 from the Company's revenue requirement as Staff suggests,
8 nor did it impact the Company's revenue requirement.

9 Previously, the Company had not included document
10 processing fees and credit and debit card transaction fees
11 in its request, as no change in funding was needed from the
12 historic test year. However, after completing a request for
13 proposal (RFP) process for billing and payment services,
14 the Company incorporated cost savings that would lower the
15 overall Billing and Payment Enhancements program budget and
16 enhance program efficiencies. As a result, the Company
17 incorporated both historical costs and savings achieved
18 through its negotiated contract into its Update to reflect
19 these anticipated savings.

20 Q. Did other parties discuss the Billing and Payment
21 Enhancements Program?

22 A. Yes, the New York City Electric Infrastructure Panel
23 recommend that the Commission approve funding for the

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1 upgrade of kiosks with essential features like broader
2 payment acceptance and language options, but that it defer
3 or disallow funding for advanced features such as
4 videoconferencing due to a lack of justification.

5 Q. Does the Company agree with this recommendation?

6 A. While the Company agrees with funding the kiosk upgrade, it
7 does not agree with deferring funding for advanced
8 features. New York City's recommendation represents a
9 misunderstanding of the Company's proposal. The
10 videoconferencing option is not an add-on fee to the kiosk,
11 but rather a standard feature that the Company can either
12 activate or de-activate based on customer needs. As
13 referenced in DPS-30-730, there are a variety of kiosk
14 features that the Company envisions phasing in over the
15 course of a pilot to determine those of the highest impact
16 to customers. This is why the proposal intends to first
17 pilot the modern kiosks to better understand which advanced
18 features, language options, and payment methods will best
19 meet customer needs and expectations. From 2026 to 2028,
20 the Company will apply the findings from this pilot when
21 replacing its broader kiosk fleet. Therefore, any deferral
22 of funding is not necessary.

23

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1 Back Office Automation

2 Q. Please explain the Company's Back Office Automation
3 request.

4 A. By leveraging industry-leading software and systems, the
5 Back Office Automation program aims to modernize, simplify,
6 and streamline back-office processes. The program helps the
7 Company issue timely and accurate bills to customers and
8 avoid costs associated with manual work, such as those
9 stemming from estimated and delayed bills and rate
10 validation.

11 The program encompasses three main initiatives: (1)
12 automating routine billing functions with Robotic Process
13 Automation (RPA), (2) improving workflow and exception
14 handling with PEGA Customer Experience System software
15 (PEGA CXS), and (3) enhancing the Knowledge Advance (KA)
16 platform for employees. This proposal, however,
17 predominantly seeks funding for two essential system
18 upgrades:

- 19 • **The migration of RPA operations to a new enterprise**
20 **platform (PowerAutomate)**, which is necessary to replace
21 legacy manual processes and realize cost avoidance by
22 automating high-volume, rules-based tasks. While the
23 enterprise project related to the migration to the Power
24 Automate platform is discussed in Exhibit__ (IT-9) Power

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1 Platform Governance and COE, the Back Office Automation
2 Program proposal includes necessary work to recode
3 existing RPAs to integrate with the new platform. The
4 Company intends to migrate Blue Prism to the Power
5 Automate platform by 2028. If this recoding does not
6 occur, the Company's existing RPAs would cease to
7 function, leading to increased manual work for a large
8 variety of activities, significantly reducing gained
9 efficiencies, and negatively impacting customer
10 service.

11 • **The retrofit and expansion of the PEGA CXS case**
12 **management system**, which is critical for modernizing
13 exception handling workflows generated by CC&B and
14 enabling scalable, cloud-based customer service delivery.
15 The migration plans for the PEGA CXS platform are
16 discussed in Exhibit__ (IT-7) Tech Modernization for PEGA
17 Applications. As noted in the Company's response to DPS-
18 16-414, the PEGA CXS platform is approaching the end of
19 standard vendor support in September 2025 and the end of
20 extended support in Q2 2027. The Back Office Automation
21 Program work associated with this request includes
22 rebuilding existing APIs and workflows between CC&B and
23 the PEGA CXS platform. If these APIs and workflows are
24 not rebuilt, many high-impact functions would cease to
25 operate, as further described below.

26 Q. Please discuss Staff's recommendations regarding the Back
27 Office Automation request.

28 A. On pages 186-188 of Mr. Carpenter's testimony, Staff
29 recommended reducing the capital budget from \$10.53 million

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1 to \$1.638 million in RY1, from \$10.62 million to \$1.678
2 million in RY2, and from \$10.68 million to \$1.715 million
3 in RY3. Staff also reduced the incremental O&M from \$6.938
4 million to \$685,000 in RY1 and increased the incremental
5 dollars for RY2 from \$680,000 to \$685,000 and for RY3 from
6 \$0 to \$685,000. Over the three-year period, this represents
7 a reduction of \$26.799 million in capital and \$16.568
8 million in O&M. Staff proposed this capital budget
9 by inflating the historical spending to 2026 dollars and
10 used a two-year linear forecast to calculate its
11 recommended level of O&M.

12 Q. How does the Company respond to Staff's budget
13 recommendation?

14 A. The Company disagrees with this budget reduction and its
15 rationale because (1) the program's historic capital
16 spending does not reflect its future needs, (2) the O&M
17 reductions proposed are not representative of the true
18 costs to operate the program, and (3) the three distinct
19 workstreams in the Back Office Automation program cannot be
20 cut to this extent and still be executed effectively.

21 Q. Explain why Staff's budget recommendations based on
22 historic capital spending do not reflect future needs.

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1 A. Reducing the capital budget based on inflating historical
2 spending does not take into account the workstreams
3 proposed in the Back Office Automation white paper in
4 Exhibit__(IT-5), which highlights the ways in which
5 historical spending fails to reflect future needs.

6 As referenced above, the requested capital funding is
7 higher than historical spending due to planned enterprise
8 upgrades that significantly impact this program. This is
9 evident in the contract services and labor costs driving
10 the bulk of the request, as outlined in Exhibit__(IT-
11 5) (Back Office Automation Attachment 1 Request Details).
12 For example, retrofitting specific back-office automation
13 tasks within the upgraded PEGA platform will include
14 updating the interface and workflows around high-impact
15 functions that are central to customer operations and
16 regulatory compliance:

- 17 • **Meter Operations Appointment Scheduling:** Allows call
18 center representatives to create and manage appointments
19 for AMI installations, AMI repairs, legacy meter
20 readings, and other field activities.
- 21 • **Gas Line Inspection (GLI) Compliance:** Tracks customers
22 who have not provided access for mandatory gas safety
23 inspections. The system automates customer notifications,
24 manages follow-ups, and issues no-access fees when
25 appropriate.

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- 1 • **Personal Services Field Investigations:** Supports the use
2 of Digital Field Form R52 during field visits. This form
3 automatically updates the CC&B system and routes work to
4 the back office based on field findings, eliminating
5 manual data entry and thus reducing errors.

- 6 • **Case Management for Shared Meter Conditions, Public**
7 **Service Commission Complaints, Claims, and the Energy**
8 **Affordability Program (EAP):** Automates intake, tracking,
9 and resolution of complex case types, including
10 regulatory complaints and energy assistance
11 applications.

- 12 • **Credit and Inquiry Forms:** Facilitates the issuance of
13 account credits and escalations through structured
14 workflows like the Meter Operations (MOP) Inquiry Form
15 and "We Guarantee It" Form, which allow for streamlined
16 digital customer interactions.

17 Migrating these capabilities is not an optional
18 enhancement, as they are embedded in daily operations and
19 fulfill regulatory obligations. Without a fully supported
20 and modernized PEGA CXS platform, the Company risks
21 significant operational disruption, increased manual
22 workload, and diminished service quality.

23 Similarly, migrating RPAs to the Power Automate platform
24 will equip the Company to continue realizing current
25 efficiencies by leveraging enterprise solutions. However,
26 to realize these efficiencies, the Company needs capital

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1 funding to migrate existing RPA processes. Otherwise, over
2 time, the existing back-office transactions will no longer
3 function because they will be unsupported due to the
4 obsolescence of the existing platform.

5 Additionally, historical capital funding is not a
6 reasonable metric for future spending, as it does not
7 include historic spend for the Knowledge Advance platform,
8 which was previously included in the CC&B budget but is now
9 part of the Back Office Automation program.

10 Q. Explain why Staff's budget recommendation based on a two-
11 year linear forecast for O&M is not viable.

12 A. The two-year linear forecast used to estimate O&M
13 significantly underrepresents the Company's actual needs.
14 The historical budget is not a reliable indicator of future
15 requirements due to the platform upgrades discussed above.
16 While the Company is capitalizing the RPA and PEGA
17 development efforts tied to the new enterprise platform –
18 leading to a decrease in Blue Prism license costs by 80 to
19 90 percent, which the Company already incorporated into its
20 request – the full migration of RPA processes, particularly
21 those supporting delayed billing and rate validation, will
22 take up to two years to complete.

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1 During this transition, the Company must maintain dual-
2 platform operations. L

3 Q. Explain why Staff's budget recommendation would negatively
4 impact the viability of all three program workstreams in
5 this proposal.

6 A. The Back Office Automation program is composed of three
7 distinct yet interdependent workstreams, each with its own
8 scope, objectives, and resource requirements – including
9 systems integrators, IT personnel, business staff, and
10 augmented contractors. As such, the budgets for these
11 workstreams are not interchangeable or reducible in equal
12 proportion without jeopardizing the viability of the entire
13 program.

14 Notably, many of the agile workflows developed in the last
15 rate period have now moved into production. Insufficient
16 funding would compromise the Company's ability to sustain
17 the solutions already deployed. These workflows are
18 actively delivering value, and any disruption in support
19 would increase manual workarounds and lead to diminished
20 returns on prior investments. See the Software Development
21 Lifecycle Section earlier in this rebuttal for the
22 Company's explanation for why Agile framework does not
23 justify a reduction in the Company's budget request.

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1 Q. Did Staff provide additional rationale for its funding
2 recommendation based on historical project costs?

3 A. Yes, Staff argued that "total spending for the project in
4 2024 exceeded the avoided costs derived by the project,"
5 and as such "additional time" is needed to determine if the
6 "cost avoidance arising from the project increases beyond
7 the project cost."

8 Q. How does the Company respond to these statements regarding
9 cost avoidance?

10 A. The Company disagrees with Staff's assessment and
11 emphasizes that the historical cost avoidance achieved
12 through this program far exceeds the associated
13 expenditures. As outlined in the initial filing
14 (Exhibit__IT-5, pages 12-14), the Company realized
15 approximately \$5 million in 2024 cost avoidance from RPA
16 deployments. This is further supported by the Company's
17 response to DPS-47-987, at Attachment 2, which details an
18 additional \$5 million in historic cost avoidance from PEGA
19 CXS workflows.

20 In total, these initiatives delivered approximately \$10
21 million in cost savings and avoidance in 2024 alone,
22 against a total program cost of just \$1.5 million. This

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1 represents a return of nearly 7 to 1, underscoring the
2 program's exceptional value and efficiency. These savings
3 were not hypothetical; they were realized through reduced
4 manual processing, improved accuracy, and faster resolution
5 times across critical customer-facing and back-office
6 functions.

7 Q. Did Staff provide any additional feedback regarding the
8 Back Office Automation Program?

9 A. Yes. Staff argued that a "reduction in budget is warranted"
10 due to "overlapping scopes" from other efforts to improve
11 CSR workflows.

12 Q. Are there overlapping scopes between the Back Office
13 Automation program and other proposals in this rate
14 proceeding?

15 A. No. The term "back office" applies to a variety of teams
16 and processes across the Company that touch customer
17 billing. The Back Office Automation program, however,
18 focuses specifically on automating repetitive manual tasks
19 through three targeted workstreams that leverage RPAs, PEGA
20 CXS, and Oracle Knowledge Advance solutions. Each
21 workstream is purpose-built to address specific operational

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1 challenges, streamline complex processes, and modernize
2 legacy systems across key back-office functions.

3 In response to CECONY-6-62, Staff identified a number of
4 Company efforts that it perceives as overlapping with those
5 accomplished through the Back Office Automation Program.

6 None of what Staff cited in fact overlaps with the work of
7 this program, which instead complements these other efforts
8 as the Company takes a multi-faceted approach to improving
9 manual back-office processes.

10 Q. Are there other benefits of the Back Office Automation
11 Program the Company would like to note?

12 A. Yes. To date, the program has delivered substantial and
13 quantifiable benefits, including the cost avoidance
14 discussed above. These enhancements include accelerated
15 processing times, a reduction in manual administrative
16 tasks, and improved data accuracy and consistency across
17 systems. These enhancements have not only improved internal
18 efficiency but have also contributed to better service
19 delivery, faster decision-making, and increased employee
20 productivity by freeing up resources for higher-value
21 work.

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1 Q. What are the risks associated with reducing Back Office
2 Automation program funding as Staff recommended?

3 A. In addition to the risks noted above, underfunding the Back
4 Office Automation program poses additional risks to
5 operational efficiency and the customer experience.

6 The PowerAutomate platform is designed to handle a higher
7 volume of RPA transactions than the existing platform. This
8 migration is critical, as it enables more processes to be
9 automated, particularly those related to billing. By
10 increasing the number of transactions that can be processed
11 through RPA, the Company can reduce the time required to
12 correct and issue bills to customers, improving customer
13 satisfaction.

14 In addition, for the Knowledge Advance platform, failing to
15 invest in necessary improvements will limit the Company's
16 ability to support efficient onboarding and real-time
17 information delivery for both customer service and back-
18 office staff. This could lead to longer training times,
19 inconsistent service quality, and reduced first-contact
20 resolution rates.

21 **Contact Center Cloud**

22 Q. Please explain the Company's Contact Center Cloud request.

1 A. The Contact Center Cloud program seeks to replace on-
2 premises contact center applications, systems, and related
3 infrastructure with cloud-based services for a user
4 population of more than 1,300 employees. The migration to a
5 Contact Center as a Service (CCaaS) platform is necessary
6 because the current platform has reached end-of-life and
7 will no longer be supported by the software vendor
8 beginning later this year, and no extended vendor support
9 will be available beyond 2027. This creates a critical
10 vulnerability in the Company's ability to serve customers
11 through its contact center operations. Without a modern,
12 supported platform, the Company risks disruptions, degraded
13 customer experience, and increased difficulty in
14 maintaining compliance and reliability standards.

15 Q. Please discuss Staff's recommendation regarding the Contact
16 Center Cloud request.

17 A. In Mr. Carpenter's testimony, Staff recommended reducing
18 the Company's proposed capital budgets for this program by
19 30 percent each year: from \$6.0 million to \$4.2 million in
20 RY1, from \$4.5 million to \$3.15 million in RY2, and from
21 \$2.0 million to \$1.4 million in RY3. Overall, this
22 represents a reduction of \$3.75 million over the three-year
23 period.

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1 For the project's O&M budget, Staff recommended reducing
2 the Company's requests for incremental spending by the same
3 30 percent. To that end, Staff recommended reducing the
4 Company's request for \$7.1 million in incremental O&M
5 funding in RY1 to \$4.97 million and the Company's request
6 for a further \$100,000 in incremental O&M funding in RY2 to
7 \$70,000. Neither the Company nor Staff proposed any
8 incremental O&M funding in RY3. Over the three-year period
9 this results in a decrease of \$6.45 million in O&M
10 funding.

11 Q. What reasons did Staff give for this recommendation?

12 A. Staff contended that the Company did not adequately justify
13 all elements of the project. Staff also argued that because
14 the Company has identified more than half of the project
15 scope or included contingency funds in its request, it can
16 modify the project scope to reflect Staff's lower
17 recommended budget. Finally, Staff argued that the project
18 was not justified because its total costs would exceed the
19 Company's projected \$7.42 million of avoided costs in RY2
20 and RY3.

21 Q. How does the Company respond to Staff's budget reduction
22 rationales?

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1 A. The Company disagrees with Staff's recommendation to reduce
2 the project budget. First, the Company has adequately
3 justified the need for this work. As discussed in the
4 Company's white paper, the current platform has reached
5 end-of-life and will no longer be supported by the software
6 vendor later this year. Staff's testimony ignores this
7 uncontroverted fact.

8 Second, because the Company must implement a new system due
9 to the current system's impending obsolescence, the funding
10 for this project is not linear and therefore cannot be cut
11 equally across RY1-3 without significantly sacrificing
12 project implementation. The proposed cuts to capital and
13 O&M spending are not feasible because implementation costs
14 are front-loaded. The project is fundamentally an end-of-
15 life mitigation effort, with primary support for the legacy
16 system ending in July 2025. Cutting costs in RY1 and early
17 RY2 would jeopardize the migration to the new cloud-based
18 telephony and interactive voice response (IVR) solution,
19 which is essential to maintain service continuity. After
20 July 2025, the Company will incur increased support costs
21 for the legacy system, and delaying implementation of its
22 replacement will actually increase the Company's overall
23 costs.

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1 Q. Why else does the Company disagree with Staff's comments
2 regarding scope flexibility?

3 A. Staff incorrectly asserts in its testimony that there is
4 time to adjust the project scope. As the Company outlined
5 in response to DPS-25-596, the 50 percent scope completion
6 noted for this project indicates that an RFP process is in
7 progress. The Company reiterated this fact in response to
8 DPS-19-504, DPS-24-570, DPS-46-956, and DPS-47-979. The
9 fact that an RFP process is underway does not mean that
10 there is flexibility in project scope, and, reductions in
11 scope would not deliver a viable product. The costs laid
12 out in this proposal are for foundational technology to run
13 the Company's business and enable customer telephony and
14 support. Ongoing agile work would be leveraged only after
15 the implementation of this project's basic functionality
16 and does not justify a reduction in scope at this point in
17 the process.

18 Q. What has the Company learned from the RFP process?

19 A. The Company's anticipated costs are in the range of or
20 potentially greater than what the Company requested in its
21 rate filing. These findings suggest that Staff's proposed
22 30 percent cut would threaten the Company's ability to
23 implement and maintain the license for the new solution and

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1 would limit the number of CSRs who can use the platform,
2 thereby increasing call answer time and degrading the
3 customer experience. This is particularly consequential
4 given that, while the Company has experienced a 10 percent
5 total increase in calls over the first five months of 2025
6 compared to the same period a year earlier, as discussed in
7 the rebuttal testimony of the Company's Customer Operations
8 Panel, total incoming calls requesting a representative
9 have risen even further, by 14 percent, over the same
10 period.

11 Q. How does the Company respond to Staff's position that
12 project elements are not adequately justified and fit
13 "within the strategic and not operationally required
14 category?"

15 A. The Company disagrees, as the project's benefits are clear
16 and material. As discussed above, this work is necessary
17 due to the imminent risk of obsolescence and so is
18 operationally required for the Company to mitigate
19 cybersecurity risks and risks to providing basic customer
20 support.

21 Moreover, the Company has clearly articulated several
22 benefits of implementation of a CCaaS solution beyond
23 merely avoiding obsolescence. The CCaaS platform will

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1 enable the ability to significantly enhance the customer
2 experience through omnichannel engagement – allowing
3 customers to interact via phone, email, chat, or text –
4 thereby improving responsiveness and customer satisfaction.

5 The solution also strengthens cybersecurity and compliance
6 through modern protocols and built-in regulatory features.

7 This program also offers scalability and flexibility to
8 adapt to changing short- and long-term demand without major
9 infrastructure investments. With built-in redundancy and
10 cloud-based disaster recovery options, CCaaS also provides
11 service continuity during outages or emergencies.

12 Additionally, the new platform will offer more robust
13 analytics, real-time dashboards, and workforce optimization
14 tools to help the contact center monitor performance,
15 forecast demand, and manage staffing more effectively.

16 Q. How does the Company respond to Staff's position that
17 "total costs for the project outweighs the avoided costs?"

18 A. The Company disagrees, as fundamentally the project is not
19 intended to generate avoided costs that exceed its
20 implementation costs. Rather, it is a necessary investment
21 to mitigate the risk of failing to operate a critical
22 customer technology platform required to meet expected

1 service levels beyond its supported life, in addition to
2 providing the other customer benefits discussed above.

3 **Customer Data Sharing**

4 Q. Please describe the Customer Data Sharing program.

5 A. As discussed in Exhibit__ (IT-5), the Customer Data Sharing
6 program has been a vital Company initiative since 2018.
7 This program supports the New York State Public Service
8 Commission's data-sharing objectives to increase the
9 availability of, and appropriate access to, system and
10 customer energy usage data, as outlined in Case 20-M-0082,
11 *In the Matter of Strategic Use of Energy Related Data*. The
12 program provides customers, energy service companies
13 (ESCOs), and authorized third parties with access to
14 extensive energy usage and account data. As this data helps
15 customers better manage their energy usage, this program
16 also aligns with New York State's and New York City's clean
17 energy goals.

18 Q. How many customers use this program?

19 A. The Customer Data Sharing program is currently used by 47
20 third parties for which the Company has received
21 authorization to share data for approximately 70,000
22 customers, a number that is growing daily. Additionally,

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1 two large customers have onboarded to the Large Customer
2 APIs that together have around 8,000 accounts. In parallel,
3 one ESCO has onboarded to the ESCO APIs. On average, there
4 are more than 335,000 API calls daily from users of these
5 platforms.

6 Q. How does growing customer adoption of this program affect
7 its funding needs?

8 A. As more users take advantage of this platform and more
9 customers engage with third-party energy service entities,
10 the platform must be able to scale to accommodate increased
11 data requests. This scalability is vital for supporting
12 customer participation in clean energy programs and other
13 third-party initiatives.

14 The proposed upgrades to the program offer important
15 benefits, including improved data handling, enhanced
16 reporting capabilities, and improved authentication
17 processes, which are all essential for efficiently managing
18 increasing data volumes and aligning with industry
19 standards.

20 Q. Please discuss Staff's recommendations regarding the
21 Customer Data Sharing program.

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1 A. On page 165 of Mr. Carpenter's testimony, Staff recommended
2 reducing the Company's proposed capital budget of \$2.5
3 million for each of RY1, RY2, and RY3 by 30 percent, to
4 \$1.75 million per year. Under this recommendation, total
5 capital spending for the three years would be reduced by
6 \$2.25 million, from \$7.5 million to \$5.25 million.

7 Staff also recommended 30 percent reductions to the
8 Company's requests for incremental O&M funding. For RY1,
9 Staff recommended reducing the Company's request for
10 \$626,000 in incremental funding to \$438,000, a reduction of
11 \$188,000. For RY2, Staff recommended reducing the Company's
12 request for \$42,000 in incremental funding to \$29,000, an
13 additional reduction of \$13,000. For RY3, Staff recommended
14 reducing the Company's request for \$43,000 in incremental
15 funding to \$30,000, also an incremental reduction of
16 \$13,000. Over the three-year period, Staff's
17 recommendations would reduce O&M by \$603,000.

18 Q. What was Staff's rationale for its recommendations?

19 A. Staff argued that elements of this work, such as "Advanced
20 Reporting and Dashboard Features," "Improved Batch
21 Processing and API Capabilities," "Authorization and
22 Authentication Enhancements," and "Optimized Data Handling
23 and Queries," are unnecessary for maintaining current

1 operational standards. Staff also argued that the Company
2 did not sufficiently justify these proposed enhancements by
3 showing that their benefits would exceed their costs Staff
4 further argued that there was no evidence that the Company
5 needed to increase resources for onboarding or to timely
6 resolve technical issues; that the Commission's Integrated
7 Energy Data Resource order does not justify further
8 enhancements and additions; and that because the project
9 uses an agile development framework, the Company can reduce
10 the scope of the project to Staff's recommended budget.

11 Q. Does the Company agree with Staff's recommendation?

12 A. No. Continued support for the Customer Data Sharing program
13 and its enhancements are essential for meeting regulatory
14 obligations and advancing New York's clean energy goals.
15 Staff's rationale does not fully consider the essential
16 nature of these upgrades and the meaningful financial, non-
17 financial, and cybersecurity benefits they provide.
18 Additionally, see the Software Development Lifecycle
19 Section earlier in the rebuttal for the Company's
20 explanation for why the Agile framework does not justify a
21 reduction in the Company's budget request.

22 Q. What is the Company's response as it relates to cost
23 avoidance?

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1 A. The benefits of this program far outweigh its costs, both
2 in non-financial ways, as outlined above, and through
3 estimated cost avoidance, as shown in the Company's
4 supplemental response to DPS-25-596.

5 Currently, nearly 70,000 customers have authorized third-
6 party energy service entities to pull their data at various
7 cadences depending on their specific needs. As outlined in
8 DPS-25-596-Supp, the estimated time for Senior Customer
9 Service Representatives (SCSRs) to manually pull interval
10 data is 30 minutes for each of these 70,000 accounts. This
11 equates to around \$1.4 million of avoided costs to retrieve
12 data just once per customer. As these third parties may
13 need to retrieve data multiple times per year – whether
14 monthly, weekly, daily, or otherwise – the potential cost
15 savings achieved through continuous automated API access
16 may be many multiples of that \$1.4 million estimate.
17 Staff's testimony ignores this cost avoidance.

18 Further, the program allows for faster retrieval of data
19 and use for third parties, helping them not only avoid
20 costs associated with manual data pulls, requests, or
21 formatting but also enabling more timely data analysis
22 surrounding demand response events.

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1 Q. Are there other reasons why it is important that the
2 Company obtain the proposed level of funding for this
3 program in its next rate plan?

4 A. Yes. The Company must plan for performance upgrades for the
5 data sharing platform, which must handle increasing volumes
6 of data requests efficiently and securely as the number of
7 users grows. Additionally, other internal systems that
8 integrate with this platform may undergo updates, new
9 features, or infrastructure improvements that require
10 retrofitting or adjusting the data-sharing platform to
11 maintain compatibility and functionality.

12 Q. Do you agree with the Staff's rationale that this work is
13 not operationally required?

14 A. No. The elements outlined in the Company's scope of work
15 are critical to maintaining ongoing system effectiveness
16 and providing users with a seamless experience. This
17 planned work is also essential to maintain operational
18 standards and enhance the Company's data-sharing
19 capabilities, such as by further automating access to large
20 volumes of billing and energy usage data. The proposed work
21 cannot be easily broken into "strategic" versus "required"
22 components as Staff suggests, as all elements work together
23 to promote a cohesive and secure data-sharing platform.

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1 Underfunding any part of this work could undermine the
2 entire system's effectiveness.

3 Q. What are the risks of adopting Staff's recommended funding
4 reductions for this work?

5 A. There are significant risks with delaying this work due to
6 inadequate funding. Postponing these enhancements would
7 hinder the Company's ability to meet customer expectations
8 and regulatory obligations. It would also limit the
9 Company's capacity to support third parties effectively,
10 ultimately impacting customer satisfaction and potentially
11 stalling progress toward clean energy goals. Not proceeding
12 with these upgrades also risks decreased operational
13 efficiency and increased long-term costs due to system
14 vulnerabilities and inefficiencies.

15 Q. Did any other parties discuss the Customer Data Sharing
16 program?

17 A. Yes. The New York City Billing Panel cited the City's
18 participation in Con Edison's and the New York Independent
19 System Operator's (NYISO) demand response programs.
20 Participation in these programs requires detailed and
21 granular energy consumption data through an API, which
22 allows for multiple points of access to the data, as well

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1 as for the exchange of large quantities of data through Con
2 Edison's Share My Data Portal. This testimony demonstrates
3 the importance of this platform and the need for continued
4 focus and resourcing to maintain platform stability and
5 availability.

6 Q. Will the API be migrated to a new data platform?

7 A. Yes. In 2024, the Company implemented its Green Button
8 Connect offering in compliance with Green Button Alliance
9 standards. By migrating to a new data sharing platform, the
10 Company became one of the first utilities in the country to
11 achieve certification from the Green Button Alliance. This
12 migration not only enhances the accuracy and reliability of
13 shared data but also simplifies implementation and fosters
14 trust among users. Certified platforms support regulatory
15 compliance, protect customer privacy, and promote broader
16 adoption by enabling seamless integration with other
17 certified systems.

18 To reduce overheads in supporting multiple data sets across
19 API offerings, the Company updated its Large Customer APIs
20 to align with these changes. The Company is currently
21 working with its third-party platform users to plan their
22 migration to the new APIs under timelines and processes
23 that respect their unique customer needs.

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1 Q. Did New York City express any concerns about this
2 migration?

3 A. Yes. New York City is the Company's largest user of the
4 API. The City described developing its existing API with
5 the Company as a "very lengthy and difficult process"
6 because of communications challenges and the "extensive
7 commitment of resources by the City and multiple rounds of
8 testing, troubleshooting, diagnosis of problems,
9 development of solutions, and re-testing" to resolve
10 issues.

11 Q. Does the Company agree with New York City that its concerns
12 are well founded?

13 A. No. The Company is committed to providing adequate support
14 to its customers. This commitment has included standing
15 check-ins, regular and transparent communications, and
16 collaboration throughout the API development and migration
17 process.

18 Q. Did New York City make any specific recommendations
19 regarding this API migration?

20 A. Yes. New York City recommended that the Company:

- 21 • Apply all learnings from development and deployment of
22 the current API to the implementation of the new API to

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1 ensure customers' ability to timely receive accurate and
2 complete data;

3 • Dedicate sufficient resources - whether internal,
4 consultants, or both - to the implementation effort and
5 to ensuring that the API is fully functional from both a
6 utility and customer perspective, and not reassign anyone
7 to other projects until the new API is 100 percent
8 functional;

9 • Provide a clear migration timeline to its customers, as
10 well as frequent updates regarding its adherence, and any
11 changes, to the schedule;

12 • Continue to support the existing API until all data
13 quality, communication, and other issues with the new API
14 are fully resolved;

15 • Identify to the Commission and its customers a senior
16 executive who is fully accountable for this project who
17 will certify under oath to the Commission that the new
18 API is fully functional; and

19 • Adopt a negative revenue adjustment if it cannot
20 effectuate a fully functional API within a reasonable
21 amount of time, shuts down or cuts off customer access to
22 its existing API before the new API is functioning
23 properly, and/or provides an incorrect or misleading
24 certification.

25 Q. Does the Company agree with these recommendations?

26 A. The Company has already and will continue to apply
27 learnings from the development and deployment of the

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1 current API to the implementation of the new API. The
2 Company is also committed to providing ongoing
3 communications and support to its customers and to offer
4 them ample time to test and migrate from the old platform
5 to the new platform. The Company has held biweekly meetings
6 with NYC's Department of Citywide Administrative Services
7 (DCAS) since the fall of 2023 and is committed to
8 continuing these forums to provide regular updates and
9 address questions regarding the platform migration process.

10 For example, in November 2024, the Company sent a timeline
11 to DCAS customers referencing an initial production date of
12 March 2025. Over Q1 2025, the Company regularly and
13 transparently communicated with its customers regarding the
14 planned migration and a shift in timing to May 2025, at
15 which time the platform was successfully put into
16 production. The Company has provided DCAS with credentials
17 and a 12-month period to Q2 2026 to test and migrate to the
18 new platform.

19 The Company does not agree with the recommendations to
20 assign additional executive oversight or impose a negative
21 revenue adjustment, as these practices are not norms for
22 information technology projects. Additionally, the Company
23 plans to maintain team and communication continuity but is

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1 (ERRPM) Panel, Staff recommended rejecting funding the
2 Emergency Outage Communications Program.

3 Q. What rationale did Staff provide for this recommendation?

4 A. Staff argued that current systems are effective and the
5 proposed improvements lacked justification for their costs.
6 On page 194 of Mr. Carpenter's testimony, he wrote that
7 "there is no evidence that current process, which relies
8 upon the broadband service providers' 'best-efforts' is
9 insufficient for current needs." On page 136 of ERRPM's
10 testimony, that panel similarly argued that the Company's
11 current systems are "adequate" and that quicker customer
12 alerts are "unnecessary." The ERRPM panel went on to
13 contend that the Company has not provided "quantifiable
14 evidence demonstrating... measurable improvements in
15 restoration time and lower costs."

16 Q. Does the Company agree with Staff's rationale for its
17 recommendation?

18 A. No. This work is needed and required, with clear public
19 safety benefits. While the Company appreciates Staff's
20 acknowledgment that its current outage communications
21 efforts are effective, the use cases for the technology
22 requested through the Emergency Outage Communications

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1 Program are fundamentally different than the Company's day-
2 to-day outage communications. This program is intended for
3 large-scale emergencies that require the Company to reach
4 very large groups of customers with urgent information.
5 That scenario requires more dedicated bandwidth than is
6 available from the Company's current systems. The "best
7 efforts" for message delivery in today's current state
8 would be insufficient in these large-scale emergencies,
9 particularly where customers need to take action for their
10 own safety. Further, the Company has not claimed that
11 reducing outage duration or cost savings are primary
12 drivers for this work; instead, this program is a matter of
13 public safety.

14 Q. What is an example of the type of emergency the Company has
15 experienced where its current communications technology was
16 insufficient?

17 A. In 2018, two back-to-back severe winter storms, Riley and
18 Quinn, caused significant customer outages. In the
19 aftermath of the storms, the Company was fined upwards of
20 \$10 million for failure to adequately execute a utility
21 emergency response plan and keep customers accurately
22 informed during these events. In 2020, after tropical storm
23 Isaias left 900,000 customers without power, DPS issued a

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1 report about the area utilities' response, concluding that
2 Con Edison and other companies failed to adequately
3 communicate with those customers experiencing power outages
4 as the storm intensified.

5 The Emergency Outage Communications Program's investment in
6 dedicated bandwidth to deliver messages at large scale and
7 with faster speed than the current technology allows would
8 equip the Company to better support customers during these
9 types of large-impact weather-related events.

10 Q. Can the Company further quantify why its current six-hour
11 timeframe and "best efforts" to send mass communications is
12 insufficient for these types of emergency events?

13 A. Yes. On December 24, 2022, extreme cold temperatures
14 resulting from Winter Storm Elliott impacted the gas
15 supplies needed to keep electricity flowing to New York
16 City homes and businesses. At around 6 p.m. on that
17 Christmas Eve, the Company sent a conservation appeal to
18 customers via an email blast and text message campaign to
19 attempt to avoid rolling outages. For that campaign, the
20 Company sent text messages to 2.4 million cell phones (all
21 mobile numbers available in the Company's Customer
22 Information System at the time) and distributed 1.9 million
23 emails.

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1 The deployment of that notification took around six hours
2 from start to finish, with the last customers receiving the
3 text message past midnight. This prolonged distribution
4 rendered the appeal to reduce electric usage, which
5 required immediate action, ineffective. Fortunately, the
6 Company and its customers avoided rolling blackouts because
7 the pressure issue impacting gas supplies corrected itself,
8 but that outcome was not guaranteed.

9 Q. Is acquiring dedicated broadband a practice used by other
10 utilities?

11 A. Yes. In California, the three largest utilities have faced
12 multimillion-dollar fines from the California Public
13 Utilities Commission (CPUC) for poor execution of the
14 Public Safety Power Shutoffs (PSPS), a preventive measure
15 to protect the grid and the public as climate change makes
16 the wildfires in the state more frequent, destructive, and
17 deadly.

18 In 2022, Administrative Enforcement Orders penalized
19 Pacific Gas & Electric \$12 million, South California Edison
20 \$10 million, and San Diego Gas & Electric \$24,000. The
21 order determining PG&E's penalty mentioned the company's
22 failure to provide advanced notification to approximately

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1 50,000 customers and 1,100 medical baseline customers
2 during three PSPS events, putting customers at risk. The
3 CPUC directed all three utilities, as well as PacifiCorp,
4 to take specific corrective actions to ensure that future
5 PSPS events comply with the CPUC's public safety and
6 notification requirements. As part of their mitigation
7 plans, both PG&E and SCE have since acquired and
8 implemented dedicated high throughput broadband for their
9 communications systems.

10 The same is true for CenterPoint in Texas. The company
11 acquired dedicated broadband capacity with telecom carriers
12 to deliver 2 million SMS messages per hour after the
13 devastation caused by Hurricane Beryl in July 2024. The
14 brutal force of that storm, with 80-mile-per-hour winds,
15 brought down thousands of trees and knocked out much of the
16 electric system. More than 2.6 million people lost power for
17 days during the summer heat. After it became the target of
18 investigations by the Texas Public Utility Commission and
19 the state Attorney General, CenterPoint committed to invest
20 \$5 billion on a resilience plan that includes improvements
21 to its customer communications systems to protect public
22 safety.

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1 Q. Did any other parties comment on the Emergency Outage
2 Communications Program?

3 A. Yes, NYECC argued the Emergency Outage Communications
4 Program should be rejected, citing the Commission's
5 decision not to fund it in the separate statewide
6 resiliency proceeding as grounds to reject the program in
7 this rate case.

8 Q. Does the Company agree with this recommendation?

9 A. No. NYECC's rationale is flawed, as the Commission
10 determined not to fund the Emergency Outage Communications
11 Program in the resiliency proceeding on the grounds that it
12 was not specifically a resiliency program - not because the
13 program lacked merit or would not benefit customers. As
14 stated above, the Emergency Outage Communications Program
15 is a public safety initiative. Funding the Company's
16 proposal is in the best interest of customers and public
17 safety.

18 **III. Clean Energy/Operational Projects**

19 **REV-Grid Modernization**

20 Q. Please explain the REV-Grid Modernization (DSP) project.

21 A. As discussed in initial testimony (Exhibit___(IT-6), pp.
22 33-40), the REV-Grid Modernization (DSP) functionality can

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1 be categorized in three key areas: DER integration,
2 information sharing, and market services. These functions
3 and services improve the interconnection process, increase
4 hosting capacity and reduce curtailments, optimize grid
5 edge operations, and create value for both distributed
6 energy resources (DER) and customers at the grid edge.

7 Q. Please discuss Staff's adjustments to the REV-Grid
8 Modernization (DSP) project.

9 A. Staff recommends a budget of \$50.359 million, \$51.567
10 million, and \$52.702 million for RY1, RY2, and RY3,
11 respectively, for capital, decreasing the overall request
12 by \$16.612 million.

13 Q. What was Staff's justification for its recommendations?

14 A. Staff bases its reduction on the portfolio's historical
15 spending levels and uses an inflation-adjusted average to
16 establish 2026 dollars. While Staff acknowledges that the
17 portfolio contains justified elements, Staff indicates
18 increasing the rate of investment is not justified because
19 data integrity is currently adequate, the Company can
20 detect trends, and both current system investments and
21 customer experiences are adequate. Staff states that there
22 is no evidence that the benefits of the upcoming work will
23 outweigh the costs. Staff concedes that investments may be

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1 necessary in the future, but claims they are not needed
2 now.

3 Q. Do you agree with the Staff's rationale for its reduction?

4 A. No. For REV-Grid Modernization, applying historical
5 spending levels to guide future allocations will not meet
6 the increasing needs of our distribution system or advance
7 the clean energy future. There are several areas that will
8 necessitate significant enhancements in the next few years.
9 For example, the New Efficiency: New York (NENY) Order
10 (Case 18-M-0084) outlines a focus on energy efficiency and
11 building electrification in support of the CLCPA goals
12 during the next rate period. The new NENY programs require
13 a build-out of additional features that our current DMTS
14 cannot support, such as the shift in tracking savings
15 calculations from annual MMBTU to lifetime MMBTU, and new
16 Regional Weatherization Programs envisioned by the recent
17 NENY orders. As the regulations evolve, our systems must
18 evolve to maintain regulatory compliance and improved
19 functionality. By proactively enhancing this system, the
20 Company can meet the requirements of new programs and
21 provide better tracking and reporting capabilities.

22 Q. Please continue.

23 A. The current Interconnection Online Applications Portal
24 (IOAP) needs enhancements to be able to support new

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1 Standardized Interconnection Requirements (SIR) and
2 additional interconnection applications. Regular changes to
3 SIR guidance necessitate changes in the IOAP to reflect
4 these new requirements. In addition, interconnection
5 applications are increasing annually overall and are
6 expected to increase by approximately 15% in 2026. Within
7 that total increase, the non-standard applications are
8 expected to increase at an even greater rate of
9 approximately 54% in 2026, demonstrating not only an
10 increase in number, but also in complexity. Investing in an
11 enhanced interconnection portal will allow for seamless
12 integration of new applications and help facilitate a
13 smoother process for our customers.

14 Additionally, the increasing number of customers
15 registering for demand response programs highlights a
16 shifting landscape that our current systems must
17 accommodate. Con Edison's behavioral demand response
18 programs have experienced a 538% increase in customer
19 enrollment from 2021 to 2024. Increased API capabilities,
20 year-round enrollment options, and integrations with other
21 Con Edison platforms, such as DERMS and PowerClerk, will
22 expand opportunities for customer enrollments. With these
23 new investments we can efficiently manage the larger

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1 customer base, optimize energy savings, and enhance overall
2 program participation.

3 **Integrated Grid Management Visualization and Optimization**

4 Q. Please explain the Integrated Grid Management Visualization
5 and Optimization (IGMVO) project.

6 A. As we discussed in the Company's filing (Exhibit___(IT-6-
7 Upd)), IGMVO represents a phased approach to centralizing
8 intelligence, visibility, and operation of distributed
9 energy resources (DER) across five key areas of operational
10 need: DER Data and Program Management, DER Modeling and
11 Simulation, DER Monitoring and Control, Grid Operations in
12 Coordination with DER, and Program Dispatch and Market
13 Coordination. IGMVO includes the Company's multi-phased
14 DERMS effort to maintain reliable grid operations and
15 optimization under increasing penetration levels of DER.

16 Q. Please discuss Staff's adjustments to IGMVO.

17 A. Staff recommended (p. 80) a 30 percent reduction in both
18 capital and O&M for RY1. This recommendation provides for a
19 capital budget of \$18.863 million, \$21.548 million, and
20 \$19.040 million for RY1, RY2, and RY3, respectively,
21 decreasing the overall request by \$25.479 million. Staff
22 also recommended an O&M budget of \$2.118 million, \$0.672
23 million, and \$1.386 million for RY1, RY2, and RY3,

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1 operational networks and the electric distribution system,
2 allowing the Company to test and certify solutions in a
3 cybersecure environment before introducing them to the
4 Company's operating environment.

5 Q. Please discuss Staff's adjustments to GERL.

6 A. Staff recommended a funding decrease of 30 percent in both
7 capital and O&M in RY1. Staff recommended a capital budget
8 of \$5.098 million, \$5.569 million, and \$4.687 million for
9 RY1, RY2, and RY3, respectively, decreasing the overall
10 request by \$6.580 million. Staff also recommended an O&M
11 budget of \$1.050 million, \$0.420 million, and \$1.890
12 million for RY1, RY2, and RY3, respectively, decreasing the
13 overall request by \$1.440 million.

14 Q. What was Staff's justification for its recommendations?

15 A. Staff noted that prior investments in GERL were sufficient
16 to meet immediate challenges. Staff also based its
17 reduction on the evaluation that GERL activities are
18 strategic in nature and that there is no evidence that the
19 benefits outweighed the costs. Staff also notes that the
20 project scope is 50 percent complete and the Company can
21 modify the scope to fit the budget.

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1 Q. Do you agree with Staff's justification for its
2 recommendation?

3 A. No. The Company's plan is structured to meet near- to mid-
4 term testing and certification needs associated with grid
5 operational technology (OT) and hardware solutions for DER
6 operational needs.

7 Q. Do the recent investments represent different purposes than
8 the investments requested in this case?

9 A. Yes. The investments made in 2023-2025 represent
10 foundational elements, such as engineering design,
11 equipment identification, architectural design, and pre-
12 development activities. This portion of the project in this
13 proceeding represents investments required to
14 operationalize the lab beyond initial design and build.

15 Q. Can the Company simply reduce the scope to fit within
16 Staff's recommended budget? Explain.

17 A. No. Absent additional funding, the Company will not be able
18 to link the lab's software and hardware environments to the
19 necessary design, build, and test needs of critical
20 technology, as discussed in the Company's pre-filed
21 testimony and exhibits. This reduction limits the Company's
22 ability to design and deploy new customer programs and

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1 technologies that encourage adoption of clean energy
2 technologies needed for achieving CLCPA requirements, which
3 aim to modernize the electricity market framework to
4 support the integration of DERs and promote clean energy.

5 **EGIS Phase 3, eGIS O&M Support, and Clean Energy Mapping**

6 Q. What are the projects related to eGIS in this proceeding?

7 A. There are three requests in this proceeding related to
8 eGIS, they are Enterprise Geographic Information System
9 (eGIS) Implementation Phase 3, Enterprise Geographic
10 Information System (eGIS) Support (which is an O&M only
11 request), and the Clean Energy Mapping Platform. While
12 these are three discrete items, there are some
13 interrelationships among them, so we are discussing them
14 together.

15 Q. Please explain the eGIS project overall, including phase 3.

16 A. In 2019, the Company started its three-phase electronic
17 mapping platform project.

18 Phase 1 was completed in 2022 and transferred all the
19 electric low-tension plates (16,000) and all the Gas plates
20 (8,000).

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1 Phase 2 was completed in 2024 and transferred all medium
2 voltage feeders (2,800) and the Staten Island Mapping
3 system.

4 Phase 3 is currently scheduled to be completed in December
5 2026 and will transfer all the plates (15,000) containing
6 the conduits that hold cables in our underground systems,
7 as well as 64,000 manhole detail drawings.

8 Q. What work remains to be done in eGIS phase 3.

9 A. The work remaining to be done is application testing and
10 then the actual migration of the 79,000 items mentioned
11 above. At this time, the work that has been completed
12 includes:

- 13 • Finalization of all functional requirements
- 14 • Completion of initial vendor coding associated with
15 this phase
- 16 • Receipt and review of pilot data

17 Q. Please discuss Staff's adjustments to the Phase 3 project.

18 A. Staff recommended a budget of \$14.33 million, \$14.33
19 million, and \$14.33 million for RY1, RY2, and RY3,
20 respectively, splitting the overall request over the 3
21 years instead of the \$43.3 million over the one-year period
22 based on RY1 on the Company request.

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1 Q. What was Staff's justification for these recommendations?

2 A. Staff believes (p. 232) that this is a strategic project
3 with elements that are insufficiently justified, citing the
4 addition of "expanding the scope to include 41 additional
5 data elements." Staff states (p, 233) that there is a \$70
6 million differential between the Company's initial estimate
7 and that this differential "edges towards the project costs
8 and avoided costs netting to zero." Staff then contends
9 that because avoided costs was part of project
10 justification, "continued reductions to the net avoided
11 costs is a cause for concern." Staff subsequently
12 concludes that a reduction to the project is warranted.

13 Q. Do you agree with Staff's assessment?

14 A. For several reasons, we do not. There are several issues
15 with the information Staff presents here.

16 First, in 2019, the Company estimated Phase 3 costs of \$125
17 million, which was clearly described as a preliminary
18 number and subject to change. In fact, the Company's eGIS
19 business plan that was filed in 2019 noted that "[w]hile
20 the Company currently estimates that Phase 3 will cost \$125
21 million, the Company has not yet fully designed and
22 developed final cost estimates associated with migration of

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1 the conduit mapping system under Phase 3. Phase 3 is the
2 most complex piece and, its final cost will be affected by
3 rapid changes in how GIS technology is evolving, enabled by
4 emerging technology trends in analytics, artificial
5 intelligence, and cloud computing." ((Exhibit __ (EIOP-3)
6 Schedule 2 Page 28 of 71, filed on June 14, 2019).

7 Subsequently, the 2022 rate filing provided additional
8 details on Phase 3 activities as well as an updated Phase 3
9 estimate of \$140 million, as that work would now be part of
10 the 2023-2025 revenue requirement (it was beyond the scope
11 of the 2019 case revenue requirement). At the time of the
12 2022 filing, with the updated phase 3 costs, the calculated
13 net benefits expected from the overall initiative remained
14 positive.

15 Q. Have the expected costs for Phase 3 changed since the 2022
16 filing?

17 A. Yes, in this proceeding, we are requesting an additional
18 \$20 million, bringing the Phase 3 cost to \$160 million to
19 accommodate three items that were not anticipated in the
20 2022 filing. These items include: (1) an increase in price
21 for the vendor's license and maintenance agreements of \$10
22 million; (2) due to Con Edison's extensive underground
23 system and the focus on the safe operation of the

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1 electrical grid the Company included new functionality that
2 the vendor tool did not initially have available (at a cost
3 \$2 million); and (3) an additional \$8 million for required
4 cleanup activities expected from data migration
5 discrepancies during the Phase 1 and Phase 2 merger into
6 Phase 3 conduit manager, that were an outfall of the pilot
7 testing noted above.

8 Q. Do these updated costs support Staff's assertion that
9 "continued reductions to the net avoided costs is a cause
10 for concern"?

11 A. No. The calculated net benefits expected from the overall
12 initiative remain positive, even with the updated Phase 3
13 costs.

14 Q. Please respond to Staff's statement that this is an
15 insufficiently justified strategic project.

16 A. This blanket statement ignores any specific evaluation of
17 the benefits provided by the Phase 3 work overall as well
18 as the additional scope that has changed since the 2022
19 case. We would also point out that Staff does not recommend
20 a rejection of the funding required for the remaining Phase
21 3 work, rather they only suggest it be spread out across 3
22 years rather than being spent in RY1 as proposed. Staff's

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1 recommendation only delays the Company's ability to begin
2 fully realizing the planned cost avoidances by an
3 additional 2 years and potentially increases implementation
4 costs through delay.

5 Q. Please explain how spreading the implementation costs over
6 3 years would impact the project costs in more detail.

7 A. Splitting the GIS Phase 3 2026 project funding over three
8 years is not feasible due to our current schedule and
9 vendor contracts ending in 2026. We are currently
10 contracted to spend \$12.8 million with our vendors for
11 project completion by December 2026. Extending the project
12 will add \$17.7 million in costs due to contractual
13 extensions and additional internal resource commitments.

14 Q. Turning to the other eGIS request, please explain the
15 **Enterprise Geographic Information System (eGIS) Support**
16 program.

17 A. As discussed in our filing (Exhibit __ (IT-4-Upd, pp. 11-
18 15)), for the eGIS system already implemented with Phase 1
19 and 2, incremental O&M funds are needed to purchase
20 Licenses and Maintenance contracts to allow employees and
21 contractors (as needed) to use the digitized maps, and to

1 install security patches, fix bugs and make platform
2 modifications.

3 Q. Please discuss Staff's adjustments to the O&M request.

4 A. Staff recommended an incremental O&M increase of \$1.660
5 million, \$1.669 million, and \$1.669 million for RY1, RY2,
6 and RY3, respectively, decreasing the overall request by
7 \$10 million.

8 Q. What was Staff's justification for its recommendations?

9 A Staff claims that O&M should be reduced commensurate with
10 the suggested reduction to the eGIS Phase 3 capital work.
11 They also misunderstand the purpose of the request, stating
12 that the Company "is already purportedly deriving value
13 from the system, and my recommended budget includes a
14 reduction to eGIS hase 3 spending, a reduction in budget is
15 warranted."

16 Q. Do you agree with Staff's rationale for its reduction?

17 A. No. Staff misunderstands the specific needs represented by
18 the incremental O&M requested and the benefits being
19 derived.

20 First, the O&M costs requested have no relationship to the
21 Phase 3 capital costs (and the cuts to which the Company
22 disagrees with). The requested amounts are primarily

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1 required to operate and maintain our Electric and Gas
2 system s. These were initially capital costs but now have
3 become an O&M tail since the systems are live.

4 Q. Please continue.

5 A. This incremental cost increase was expected, as the legacy
6 mapping systems required minimal licenses. The new
7 platform, supported by vendors, incurs fees for licenses
8 and Extended Maintenance Support agreements: ESRI licenses
9 at \$2.5 million, Schneider Electric licenses at \$2 million,
10 and Schneider Electric maintenance at \$1.3 million. Total
11 incremental costs are \$5.009 million, necessary for
12 licenses and maintenance contracts. Reducing O&M funding to
13 \$1.666 million annually does not provide support for the
14 system

15 Q. What about Staff's statement that a reduction in O&M is
16 warranted since the Company is already deriving value from
17 the system?

18 A. The benefits being derived are from factors that include
19 Operations efficiency and above-mentioned avoided costs for
20 support for legacy application, had it remained in place.
21 Many of the savings/avoidances appear in the operational
22 areas that use the system through other process

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1 efficiencies, outside of the specific O&M required for the
2 system itself.

3 Q. Now please explain the **Clean Energy Mapping Platform**
4 project.

5 A. As discussed in our filing (Exhibit __ (IT-6, pp. 12-21)),
6 the Clean Energy Mapping Platform project updates the
7 Company's existing eGIS platform to align with the vendor's
8 next platform iteration, UN eGIS platform. The current
9 platform, GN EGIS, is expected to reach end-of-life by
10 2028. The platform upgrade will enhance tools for
11 monitoring network performance. It includes technical
12 improvements that support the clean energy transition, such
13 as improved tracing capabilities and better access to data
14 in the field due to optimization for web services.
15 Additionally, it allows for displaying assets in 3D. The
16 upgrade also enhances cybersecurity by providing vendor
17 support during cyber events through maintenance contracts
18 and the ability to install patches that fix
19 vulnerabilities.

20 Q. What was the Company's request for this platform?

21 A. For capital, the Company's filing requested \$30 million, in
22 RY1, \$35 million in RY2 and \$35 million in RY3.

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1 Q. What were Staff's adjustments to the Clean Energy Mapping
2 Platform?

3 A. Staff recommended removing the entire funding request for
4 this project, decreasing the overall request by \$100
5 million.

6 Q. What was Staff's justification for its recommendations?

7 A. Staff believes (p. 241) the project is not adequately
8 justified and believes that, since product support for the
9 GN model underlying the eGIS sunsets in 2028, there is no
10 immediate need for this work. In addition, Staff suggests
11 (p. 242) completing Phase 3 of the eGIS project *before*
12 starting the Clean Energy Mapping Platform, and "the
13 Company should focus efforts on finalizing system
14 transitions and optimizing current system integrations."
15 (pg. 242)

16 Q. Did any other party recommend adjustments to this program?

17 A. Yes. NYECC fully rejects the Company's funding request.

18 Q. What was NYECC's justification for the adjustments?

19 A. NYECC asserts that the Company should delay the start of
20 the program simply because extended support services could
21 be requested to keep the existing platform running beyond
22 the sunset date (p. 17).

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1 Q. Do you agree with the Staff and NYECC's rationale for its
2 reduction?

3 A. No. Delaying the project for even one year, much less
4 three, is problematic. The vendor is sunseting support
5 for the existing platform GN in 2028, posing an imminent
6 risk. The Clean Energy Mapping Platform is a multi-year
7 initiative that needs to begin as planned to be ready
8 before the GN's 2028 sunseting. Staff incorrectly asserts
9 that there is no immediate need for this project. We must
10 be forward looking and working towards executing
11 prerequisite activities for the sunseting.

12 Q. Will the same work be done under eGIS Phase 3 and the Clean
13 Energy Mapping Platform?

14 A. No. They are related but different efforts.

15 eGIS phase 3 digitizes plates and manhole detail drawings,
16 which must be completed to have a fully digitized mapping
17 system.

18 The Clean Energy Mapping Platform will move all digitized
19 maps created as part of Phases 1, 2 and 3 onto a new
20 platform.

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1 the Distribution Control Center and other operating groups
2 to respond to electric outages. These investments are
3 required to stay on supported technology, thereby
4 minimizing cyber and other risks associated with obsolete
5 technology. Additional benefits of making these required
6 investments include improved system resiliency through new
7 features and functionality. These include reduced downtime
8 for patching and a streamlined user interface for
9 operators.

10 Q. Please discuss Staff's adjustments to the OMS Resiliency
11 and Sustainability project.

12 A. Staff recommended a capital budget of \$9.394 million,
13 \$9.273 million, and \$9.076 million for RY1, RY2, and RY3,
14 respectively, decreasing the Company's overall request by
15 \$11.9 million. Staff recommended an incremental O&M budget
16 increase of \$0.373 million, \$0 and \$417,000 for RY1, RY2,
17 and RY3, respectively, decreasing the overall incremental
18 request by \$338,000.

19 Q. What was Staff's justification for its recommendations?

20 A. Staff applied its 70 percent methodology, claiming that the
21 project is insufficiently justified because there are some
22 "unnecessary" elements to maintaining operational
23 conditions and compliance with existing regulatory
24 standards (p. 172). Staff notes (pp. 173-174) that this is

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1 a strategic project and that given the expenditures
2 associated with this project, the avoided costs as
3 "insubstantial;" that there is no evidence that the
4 benefits arising from the project will outweigh the costs;
5 and given the scope level, the Company can reduce the
6 project to fit into the recommended budget.

7 Q. Do you agree with the Staff Panel's rationale for its
8 reduction?

9 A. No.

10 Q. Do you agree with the Staff's assertion that elements of
11 the project are strategic?

12 A. No. As noted earlier, simply because a project is deemed to
13 be strategic, not operational, does not mean funding should
14 be decreased. Staff broadly categorizes these elements as
15 strategic with no context as to why it makes this
16 assertion. The project's work efforts span system
17 monitoring and incident response improvements, SCADA
18 integration improvements, Operations Mobile App (OMA) and
19 GIS integration improvements - all of which are essential
20 and operationally required to keep critical OMS systems
21 running and maintain their level of service.

22 Q. Can you expand on why the Company deems these project
23 elements as operationally required and not strategic?

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1 A. The Operationally Required category of Capital Project
2 Playbook, which Staff references at length in its
3 testimony, includes "Emergency Response" which, by
4 definition, includes "projects that keep the operations of
5 the Company running i.e. data centers, call centers,
6 business software etc." The work scope outlined in
7 Exhibit___ (IT-6) and referenced by Staff objectively fits
8 within this definition. As noted above, these project
9 elements are essential to OMS systems remaining stable,
10 reliable, resilient, and avoiding obsolescence.

11 Q. Do you agree with Staff's statement that a reduction in
12 budget is warranted because of insubstantial cost
13 avoidance?

14 A. No. Cost avoidance is not the purpose of this project and,
15 therefore, is an inappropriate basis for Staff's
16 recommended reductions. Instead, this project aims to
17 provide long-term sustainability of the OMS systems by
18 staying current and upgrading key components of the OMS
19 ecosystem. As the OMS is the most critical IT system for
20 storm response, and OMS issues during storm events can
21 directly result in reputational and other impacts to the
22 Company, continued investment in this product space is
23 required to, at minimum, maintain the existing level of
24 service.

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1 Q. Do you agree with Staff's statement that "the project
2 contains elements unnecessary to maintain compliance with
3 existing regulatory standards" (pp. 172)?

4 A. No. This statement is inaccurate as the project scope is
5 required to maintain compliance with the PSC ordered 90%
6 customer impact test. While the scope for the testing
7 itself is covered under the IT System Testing COE project,
8 the OMS systems must be maintained by performing version
9 upgrades, hardening the SCADA integration to the OMS, and
10 performing GIS integration improvements - which are
11 critically important, as GIS serves as the source electric
12 model for all OMS operations. These efforts will help the
13 Company maintain compliance with the 90% test requirement
14 and, more importantly, enable the OMS platforms to handle
15 significant outages and continue to provide reliable
16 service during major storms.

17 **OMS System Hardening and Modernization**

18 Q. Please explain the OMS System Hardening and Modernization
19 program.

20 A. As the Company discussed in its initial testimony (Exhibit
21 __ (IT-6, pp. 78-83)), the OMS System Hardening and
22 Modernization program represents several projects to harden
23 (i.e., reduce vulnerabilities and enhance security,

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1 reliability, and operational resilience) and modernize
2 (i.e., avoid technical obsolescence) critical outage
3 reporting used by internal and external customers. This
4 hardening and modernization include enhancements of the
5 weather impact forecasting model to improve predictions of
6 storm impact forecasts.

7 Q. Please discuss Staff's adjustments to the OMS System
8 Hardening and Modernization program.

9 A. Staff recommended a capital budget of \$9.515 million,
10 \$9.743 million, and \$9.957 million for RY1, RY2, and RY3,
11 respectively, decreasing the overall request by \$28.602
12 million. Staff recommended an incremental O&M budget of
13 \$532,000, \$26,000, and \$1.162 million for RY1, RY2, and
14 RY3, respectively, decreasing the overall request by \$1.338
15 million.

16 Q. What was Staff's justification for its recommendations?

17 A. Staff calculated the recommended capital budget by
18 inflating the average of historical spending to 2026
19 dollars. Staff reduced O&M by the same percentage. Staff
20 notes that the current weather model is sufficient and that
21 the applications downstream of the Outage Utility Analytics
22 platform are currently functional; that there is no
23 evidence that the benefits of these elements will outweigh

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1 the costs; and that the various levels of project scope
2 enable the Company to modify the scope to fit within the
3 recommended budget.

4 Q. Do you agree that the Outage Map does not require an
5 upgrade?

6 A. Although the Company stated that the Outage Map provides
7 updates in a reliable and timely manner, the Outage Map
8 vendor will end support of the current implementation of
9 the Outage Map by the end of 2026. Staff's claim that
10 "cessations of contracts with known and mutually agreed
11 upon service terms cannot be reasonably considered an
12 emergency, which the Oxford dictionary defines as "a
13 serious, unexpected, and often dangerous situation
14 requiring immediate action" (p. 28). This is work that
15 needs to be done to address a known issue. It will only
16 become an emergency if not completed and there is an issue
17 with maintaining a sunset system.

18 Staying with the current vendor and not upgrading the
19 outage map system would increase cyber risk due to being on
20 unsupported software, which the current vendor cannot
21 remediate. As this is the Company's external customer-
22 facing outage platform, the Company must proactively
23 address the current platform's imminent obsolescence by

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1 moving to an industry standard and hardened Outage Map
2 platform.

3 As to Staff's comment that the outage map currently
4 provides update in a timely and reliable manner, we agree
5 that it currently does. However, that will change as
6 vendor support changes, which is why we are updating the
7 product.

8 Q. Do you agree that the weather impact project should not be
9 funded since it is deemed sufficient?

10 A. No. Although the current weather model maximizes existing
11 technology that the Company has implemented, it uses
12 limited data sources to produce an impact forecast, does
13 not leverage detailed vegetation/foilage data, and is not
14 integrated with the infrastructure data. Accurate forecasts
15 enable utilities to better anticipate storm impacts,
16 allowing for strategic pre-positioning of repair crews and
17 resources. There are significant opportunities associated
18 with improving weather forecasting, especially as this area
19 of technology advances.

20 Q. Please explain.

21 A. The 5-day forecasts of today are as accurate as the 3-day
22 forecasts of years ago. For instance, a Northeastern

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1 utility improved its outage prediction accuracy by 20%
2 using predictive analytics, leading to a 25% reduction in
3 storm response costs and faster power restoration (please
4 see https://www.esource.com/blog/701240mzij/3-ways-utilities-use-data-improve-storm-response-during-and-after-storm?utm_source=chatgpt.com). A more accurate weather
5 model can improve impact forecasts, thereby reducing the
6 number of mobilizations. Considering an FTE can cost \$300
7 per hour, cost savings are an inherent and progressive
8 benefit here.

11 Q. Do you agree that the applications downstream of the Outage
12 Utility Analytics platform are currently functional and
13 require no further investment?

14 A. No. As part of the recent OMS upgrade, the Company changed
15 its process for customer outage reporting to use industry
16 standard call clues. This allows more granular detail to be
17 provided by the customer when reporting their outage. The
18 OMS reporting systems (Oracle Utility Analytics and
19 external facing systems) use an obsolete process called
20 Trouble Types, which considerably limits conditions that
21 customers can report with their outage. Maintaining data
22 congruence and fidelity between systems is imperative for
23 accurate customer communications during blue-sky days and

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1 storms. As a result, the Company intends for its downstream
2 OMS reporting systems to use call clues for a cohesive
3 customer experience. Foregoing this change may result in
4 customer communication inaccuracies and operational
5 challenges.

6 Q. Do you agree that current reporting capacities are adequate
7 and sufficient and require no investment in the upcoming
8 rate period?

9 A. No. Oracle Utility Analytics (OUA) is the primary source
10 for all internal and external outage reporting. The current
11 version of OUA will be end-of-life by Q1 2027. The Company
12 must upgrade the OUA platform to the latest version to
13 avoid obsolescence security and operational risks.

14 Q. Is it reasonable for Staff to claim the project scope can
15 be modified to fit within Staff's recommended budget?

16 A. No. As described above, the stated project is operationally
17 required to avoid technical obsolescence on internal and
18 external outage reporting platforms. The costs of this
19 project are reflective of the effort to achieve this goal.
20 Completing these essential hardening and modernization
21 projects requires the proposed budget.

22

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1 A. Yes. Asset management solutions allow an organization to
2 manage IT resources in a structured manner. They integrate
3 data from multiple sources, such as inventory,
4 cybersecurity tools and real-time scanning to manage assets
5 throughout their lifecycles. They enable the appropriate
6 response to emerging vulnerabilities and issues. The white
7 paper outlines required investments to stay on supported
8 technology. Maintaining vendor support mitigates cyber
9 risks and reduces the risk of failures associated with
10 obsolete technology. In making these investments, the
11 Company also accesses new features and functionality that
12 will improve system resiliency and enable new features for
13 users.

14 Q. Please discuss Staff's adjustments to Control Center
15 Resiliency Phase II.

16 A. Staff recommended that the Company receive 70 percent of
17 the budget because the project contains elements
18 unnecessary for maintaining current operational standards.
19 Staff opined that updates and upgrades to technology,
20 developing an Asset Management system, and performing risk
21 assessments are considered "strategic" and unnecessary for
22 maintaining current operational standards. Staff also notes
23 that the project is at various levels of completion and

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1 therefore the Company can reduce the project scope to meet
2 the adjustment.

3 Q. What did Staff propose?

4 A. Staff agreed to a capital budget of \$4.403 million, \$3.094
5 million, and \$4.025 million for RY1, RY2, and RY3,
6 respectively, decreasing the overall request by \$4.939
7 million.

8 For O&M, Staff recommended a budget of \$2.170 million,
9 \$2.359 million, and \$1.70 million for RY1, RY2, and RY3,
10 respectively, decreasing the overall request by \$2.691
11 million over the three-year period based on the Company
12 request.

13 Q. Do you agree with the Staff Panel's rationale for its
14 reduction?

15 A. No. Whether considered operationally required or strategic
16 is irrelevant in the context of maintaining the resiliency
17 of our Control Centers. Operational Standards readiness
18 depends on having secure IT and OT infrastructure (Servers,
19 Storage and Network Equipment) that can meet the
20 performance requirements of the Distribution SCADA systems
21 they support. Infrastructure that the Distribution Control
22 Centers' systems currently rely on has been in service for

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1 an average of 2 to 4 years and. Most systems will have
2 reached their usable 5 to 6-year lifecycle and will need to
3 be replaced during the upcoming three years. Failure to
4 replace these systems in a timely manner as they approach
5 End of Life or End of Support can lead to a degradation of
6 Operational readiness and a failure to meet or maintain
7 standards.

8 Q. Why are risk assessments and investments in advanced
9 security technologies needed?

10 A. Managing Distribution Control Centers systems and resources
11 over their useful lives and facilitating their timely
12 replacement requires strategic and forward-looking planning
13 to minimize operational impacts. Risk Assessments and
14 investments in advanced security technologies are needed so
15 that the replacement systems are implemented in a timely
16 manner and configured securely.

17 **GOSS and Gas Application and Hardware Upgrade**

18 Q. Please explain the GOSS and Gas Application and Hardware
19 Upgrade project.

20 A. As discussed in our initial testimony (Exhibit __ (IT-6,
21 pp. 40-43) and Exhibit __ (IT-6-UPD, pp. 9-12)), the
22 project is driven by operationally required, ongoing

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1 replacement of the Con Edison gas SCADA system and
2 associated application and hardware stack. The project
3 replaces end-of-life and end-of-support applications and
4 infrastructure used to monitor and control the Con Edison
5 and Orange and Rockland SCADA system, identify and respond
6 to high impact emergencies, and rapidly isolate sections of
7 the Extra High Pressure system during a rupture event.
8 Failure to replace these obsolete and unsupported
9 applications and components will lead to increases in
10 downtime, resulting in suboptimal reliability and service
11 during normal and emergency conditions.

12 Q. Please discuss Staff's adjustments to the project.

13 A. Staff recommended reducing the project from the Company's
14 original capital request of \$3.0 million in RY1, \$1.4
15 million in RY2, and \$700,000 in RY3 to \$2.1 million in RY1
16 and no changes in RY2 or RY3, decreasing the overall
17 capital request by \$900,000 over the three-year period.
18 Staff also recommended a budget of \$0.249 million for RY1,
19 with no changes to the RY2 or RY3 request, for incremental
20 O&M, decreasing the overall request by \$0.401 million over
21 the three-year period.

22 Q. What was Staff's justification for its recommendations?

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1 A. Staff claims the project is insufficiently justified
2 because it is a strategic project, that there is no
3 evidence that the benefits will outweigh the cost and that
4 the project attempts to meet uncertain regulatory
5 requirements.

6 Q. Do you agree with the Staff Panel's rationale for its
7 reduction?

8 A. No. First, as already explained, whether the project is
9 operational or strategic, it must be completed. So,
10 categorization as strategic or operational is not relevant.
11 Second, as also explained, the fact that cost may outweigh
12 the benefits does not mean that the project should not be
13 undertaken.

14 Third, this project is to upgrade the Company's Gas
15 Supervisory Control and Data Acquisition (SCADA) system and
16 associated applications, which allows the Company to
17 monitor and control the natural gas transportation system
18 safely reliably. Delays or deferments in maintaining these
19 critical assets increases the likelihood of application
20 downtime, reducing reliability and the Company's ability to
21 rapidly isolate emergency situations as required under 49
22 CFR 192.631 and 49 CFR 192.636. This is a regulatory
23 requirement.

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1 Q. Are there any other reasons to undertake this project?

2 A. Yes. First, this project began in April 2024 and is in-
3 flight, with 31 percent completed. Second, as identified
4 in Exhibit __ (IT-6-Upd (pp. 9-12)), the existing GOSS and
5 associated application and hardware stacks have reached
6 their expected end-of-life and end-of-support, and
7 necessary to maintain existing levels of reliability and
8 service.

9 ▪ The existing GOSS, associated applications and
10 underlying infrastructure have exceeded the vendors'
11 identified EOL/EOS dates for mature products as
12 published in the AVEVA Lifecycle Support Policy
13 (attached), with continually diminishing reliability
14 levels beyond these milestones.

15 ▪ Moreover, the project applications and hardware enable
16 Con Edison to operate and oversee the safety of a
17 volatile commodity, gas. Failure to maintain support
18 of these applications and associated hardware, subject
19 to regulation under TSA Security Directives, presents
20 a risk to personal, public, and environmental safety.

21 **IT OT Tower Sustainability**

22 Q. Please explain the IT OT Tower Sustainability project.

23 A. As discussed in our initial testimony (Exhibit __ (IT-6)),
24 the IT OT Tower Sustainability project rebuilds outdated
25 custom legacy mapping and outage management applications

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1 for the Control Centers and the Maps and Records business
2 units. The benefits include reducing cybersecurity risks,
3 avoiding unnecessary costs for the legacy outdated
4 applications. The project also allows use of latest
5 technologies and sustaining application functionalities.

6 Q. Please discuss Staff's adjustments to the project.

7 A. Staff recommended a capital budget of \$2.878 million,
8 \$2.962 million, and \$3.729 million for RY1, RY2, and RY3,
9 respectively, decreasing the overall request by \$4.102
10 million.

11 Staff recommended an incremental O&M budget of \$0.21
12 million, \$0.21 million, and \$0.07 million for RY1, RY2, and
13 RY3, respectively, decreasing the overall request by \$0.21
14 million.

15 Q. What was Staff's justification for its recommendations?

16 A. Staff applied its 70 percent methodology, basing its
17 reduction on the Company's response to DPS-25-596 that the
18 project would result in "modest" avoided costs. Staff also
19 claims that the work proposed is strategic and that the
20 benefits will not outweigh the costs. Additionally, Staff
21 claims that because project scope completion is at 50
22 percent, the Company can reduce scope to fit within Staff's

1 recommended budget cuts. Staff also notes that since there
2 were no expenditures, either capital or O&M in 2020-2025,
3 the project will be in its initiation/planning stage. Staff
4 also notes that the work description includes eGIS, OMS and
5 Control Centers and since there were reductions in those
6 projects, there should be similar reductions in this
7 project.

8 Q. Did any other party recommend adjustments to this program?

9 A. Yes. NYECC rejects the Company's funding request in full.

10 Q. What was NYECC's justification for the adjustments?

11 A. NYECC argues that the Company does not always have to have
12 the "latest and the greatest at more expense to ratepayers"
13 (pg. 32) and that the current level of technology is
14 adequate.

15 Q. Do you agree with the Staff Panel and NYECC's rationale for
16 its reduction?

17 A. No. As indicated in the Company's response to DPS-25-596,
18 the Company did not indicate that the project would result
19 in "modest" avoided costs. Instead, the Company stated that
20 "the *productivity increases* associated with the project are
21 a tangential benefit and are expected to be modest."

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1 Q. How does the Company respond to Staff's claim concerning
2 the benefits relative to the costs of the project?

3 A. The Company will avoid about \$812,876 annually for the
4 Bentley software maintenance and subscription, as it
5 relates to avoided costs under the GIS workstream through
6 the IT OT Tower Sustainability project. Bentley is an
7 outdated technology that we are trying to decommission.
8 Without the requested funding, we will be forced to pay
9 annually for this legacy application. Making an investment
10 now, enables us to avoid this annual cost completely in the
11 future, while using the implemented GIS platform with an
12 enterprise licensing agreement that has already been
13 purchased.

14 Q. How does the Company respond to Staff's claim concerning
15 project elements being strategic?

16 A. The Company does not agree that strengthening cybersecurity
17 "fit(s) squarely withing the strategic work category". The
18 Company proactively seeks to strengthen our cybersecurity
19 capabilities to mitigate any risk to our critical
20 infrastructure, to avoid catastrophic outages cyber
21 incidents and loss of customer trust.

1 Q. Does the Company agree with Staff's claim concerning scope
2 completion?

3 A. No. The project scope cannot be adjusted to fit within
4 Staff's recommendation. In the response to DPS-962 (under
5 "DPS 962_Roadmap_5-7-2025"), the Company has refined the
6 project scope completion to about 90% since its response to
7 DPS-25-596. All required plans are in place.

8 **IT SYSTEM TESTING COE**

9 Q. Please explain the IT System Testing COE project.

10 A. The Company's initial testimony (Exhibit __ (IT-6, pp. 70-
11 77)) explains that the IT System Testing COE (TCoE) is a
12 centralized governance and testing services model that
13 expands and standardizes processes across the organization
14 for application testing of key systems (i.e., OMS, WMS, and
15 GIS) before moving changes into production. The TCoE will
16 establish consistent testing activities, standards
17 methodologies, advanced tools, and structured processes
18 across the organization, a process not currently in place.
19 Among its tasks, the TCoE will also manage testing
20 requirements, and address defect management. This COE is
21 vital for maintaining process and software products.

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1 Q. Please discuss Staff's adjustments to the IT System Testing
2 COE project.

3 A. Staff recommends a capital budget of \$14.185 million,
4 \$11.447 million, and \$11.805 million for RY1, RY2, and RY3,
5 respectively, decreasing the overall request by \$16.044
6 million. Staff did not recommend any adjustments to the
7 incremental O&M budget request made by the Company.

8 Q. What was Staff's justification for its recommendations?

9 A. Staff applied its 70 percent methodology, claiming
10 insufficiently justified project elements. First, Staff
11 claims that its recommendations to reduce the scale and
12 speed of work to the OMS, WMS, and GIS systems warrant a
13 commensurate reduction of TCoE. Second, Staff claims a lack
14 of evidence that the benefits of certain project elements
15 will outweigh the costs and that the benefits of other
16 project elements are either unquantifiable or already
17 incorporated within other Company processes. Third, Staff
18 characterizes the annual cost avoidance of \$0.195 million
19 is "insubstantial." Finally, Staff questions the necessity
20 of the project for regulatory compliance requirements.

21 Q. Do you agree with Staff's assertion that budget cuts on the
22 OMS, WMS, and GIS systems necessitate a reduction on this
23 project?

1 A. No. As explained in testimony and herein, the Company needs
2 to enhance its testing capabilities without delay, whether
3 there are changes to these systems. This initiative focuses
4 on testing standardization and process alignment across IT,
5 along with providing testing services for the OMS, eGIS,
6 and WMS systems. These efforts must be viewed
7 independently from ongoing projects, as the Company's
8 resources, systems, and procedures must mature to provide
9 required levels of testing and governance.

10 The Company endeavors to build a single testing strategy
11 that governs all IT systems, promoting appropriate testing
12 practices for all applications within its IT portfolio. All
13 systems will follow the same processes, with the goal of
14 achieving no critical defects in production.

15 Q. Do you agree with Staff's assertions that the benefits of
16 enhanced automation and AI integration do not outweigh the
17 costs?

18 A. No. Enhanced automation and AI integration are needed for
19 improving testing, knowledge management, and
20 troubleshooting efficiency.

21 As an example, a single defect in OMS can disrupt numerous
22 related applications, causing extensive delays. AI is
23 pivotal in identifying past defects and improving testing

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1 knowledge, allowing the Company to maintain product quality
2 and stability. Although immediate financial benefits may
3 not be visible, the long-term advantages, such as reduced
4 downtime, will, over time, exceed initial costs. Further,
5 TCoE enhances efficiency by enabling the Company to test
6 more accurately, more frequently, and faster. As a result,
7 the risk of a system issue decreases, safeguarding the
8 Company's most critical systems.

9 Q. Do you agree with Staff's claim that the cited cost
10 avoidance is insubstantial and, therefore, a basis for
11 reduced project funding?

12 No. The purpose of this project is not to achieve cost
13 avoidance. Cost avoidance, of any scale, is an additional
14 benefit to the project's noted goals and expected
15 enhancements.

16 Q. Do you agree with Staff's assertion that the IT System
17 Testing COE is not regulatory mandated?

18 A. No. The Commission has mandated stress testing for OMS, for
19 example. Any change in the OMS ecosystem must be validated.
20 The TCOE is responsible for handling all the planning,
21 coordination, and execution of the testing - which includes
22 developing the necessary test scenarios for operational
23 simulations of OMS systems and maintaining the baseline

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1 performance of existing applications. The Company is
2 required to report the results of these stress tests to the
3 PSC annually by June 1. This testing is, as previously
4 noted, independent of changes directly to the OMS
5 platforms, necessitating this project.

6 **OpNet**

7 Q. Please explain the OpNet project.

8 A. As discussed in our initial testimony (Exhibit __ (IT-6,
9 pp. 96-102)), the OpNet project focuses on strengthening
10 infrastructure for operational continuity, compliance, and
11 reduced risk of disruptions. OpNet enables critical
12 systems, such as OMS, to function independently of the
13 corporate network. This is achieved through a segmented
14 architecture that supports "islanded" operations, allowing
15 essential applications to remain accessible even when the
16 corporate environment may be compromised. The project
17 includes the deployment of dedicated infrastructure, secure
18 cloud connectivity, and hardened access pathways for
19 Distribution Control Centers and other operational hubs.
20 OpNet is crucial for meeting regulatory requirements and
21 customers satisfaction, while delivering additional
22 cybersecurity benefits.

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1 Q. Please discuss Staff's adjustments to the OpNet Project.

2 A. Staff recommended a capital budget of \$11.153 million,
3 \$6.038 million, and \$4.267 million for RY1, RY2, and RY3,
4 respectively, decreasing the overall request by \$9.197
5 million.

6 Q. What was Staff's justification for its recommendations?

7 A. Staff applied its 70 percent methodology, claiming that the
8 project contains inadequately justified elements. The
9 Company's filing explained the need for security upgrades;
10 however, Staff alleges (p. 256) that the "potentialities"
11 of maintaining the current architecture are
12 "insubstantial," that the "premise of the 'basic security
13 package' providing a 'false sense of security' is equally
14 applicable to any security package, basic or otherwise;"
15 and therefore Staff concludes that there is no evidence
16 that the benefits will outweigh the costs.

17 Q. Do you agree with the Staff's rationale for its recommended
18 reduction?

19 A. No. The Company's initial filing outlines its OpNet
20 cybersecurity strategy, including specific actions, like
21 enhancing islanded operations, improving monitoring and
22 recovery systems, and deploying advanced technologies.

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1 These cybersecurity enhancements are neither optional nor
2 speculative; they are essential to protecting the
3 Distribution Control Centers from increasingly
4 sophisticated threats. Staff's claim that the project
5 includes inadequately justified elements overlooks the
6 Company's work descriptions, including enhancements to
7 islanded operations, advanced monitoring and recovery
8 capabilities, and the deployment of innovative technologies
9 and controls. These are essential enhancements, they are
10 fundamental to maintaining operational integrity during
11 cyber incidents.

12 Q. Do you agree with Staff's premise of the "basic security
13 package" providing a "false sense of security" being
14 applicable to any security package, basic or otherwise?

15 A. No. This project looks to make a security investment that
16 is aligned with industry best practices and regulatory
17 expectations. Staff's statement implies that there is no
18 correlation between the actual level of security provided
19 by any given solution versus the perceived "sense" of
20 security, which is patently false in a cyber context.
21 The alternatives presented by the Company, such as
22 maintaining the current architecture or implementing only
23 basic upgrades, were evaluated and shown to pose

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1 significant risks. Delaying or reducing the scope of this
2 work would leave critical infrastructure exposed to
3 evolving cyber threats as well as to the increasing
4 frequency and severity of weather-related events. These
5 combined risks would undermine the Company's ability to
6 maintain reliable operations and respond effectively during
7 emergencies.

8 Q. Do you agree with Staff's claim regarding the benefits of
9 the project not being evident when compared to its costs?

10 A. No. The OpNet project is structured around a phased
11 investment plan, with defined deliverables that include
12 initiatives, such as the SafeNet Project and Enhanced
13 Monitoring Systems. These components are designed to
14 deliver measurable improvements in system resilience,
15 operational reliability, and long-term cost efficiency. The
16 benefits of proceeding with this work are documented, while
17 the risks associated with inaction, such as increased
18 vulnerability, service disruptions, and regulatory
19 exposure, are significant and cannot be overlooked.

20 Given the anticipated growth in application usage,
21 additional funding is also necessary to support
22 infrastructure expansion, licensing, and data capacity.

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1 This project is critical to enable continued platform
2 functionality, minimize downtime, and mitigate evolving
3 security threats.

4 Q. Are there additional drivers for this project?

5 A. These investments are required to prevent the co-location
6 of control systems with critical storm response systems and
7 improve recovery time if there is an issue. Every minute of
8 downtime to any storm response or operational system
9 results in the Company reverting to manual and paper
10 processes, which lessens the customer experience and
11 results in less efficient operational response.

12 Q. Please elaborate.

13 A. The U.S. National Institute of Standards and Technology
14 (NIST) explicitly outlines the importance of isolating
15 control systems in its Special Publication 800-53B, which
16 defines control baselines for federal information systems.
17 It emphasizes the need for segmentation and isolation to
18 reduce the attack surface and prevent lateral movement in
19 the event of a breach (please see
20 [https://nvlpubs.nist.gov/nistpubs/SpecialPublications/NIST.
21 SP.800-53r5.pdf](https://nvlpubs.nist.gov/nistpubs/SpecialPublications/NIST.SP.800-53r5.pdf)).

1 Similarly, the Cybersecurity and Infrastructure Security
2 Agency (CISA) provides recommended practices for industrial
3 control systems (ICS), including guidance on patch
4 management, incident response, and system architecture.

5 These documents consistently advocate for minimizing
6 interconnectivity between ICS and enterprise IT systems to
7 reduce risk. (Please see
8 <https://www.cisa.gov/topics/industrial-control-systems>)

9 These standards reinforce the principle that control
10 systems should not be co-located or directly integrated
11 with other enterprise systems, aligning with our internal
12 strategy and justifying the architectural decisions made in
13 the OpNet initiative.

14 **Storm Response Technology Advancements**

15 Q. Please explain the Storm Response Technology Advancements
16 project.

17 A. As the Company discussed in its filing (Exhibit __ (IT-6-
18 Upd)), the Storm Response Technology Advancements project
19 will implement technology that will reduce the time between
20 the start of restoration, the time when field crews can
21 safely begin storm restoration operations, and when service
22 is restored to customers. This technology will allow the

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1 Company to quickly capture the full breadth of the storm's
2 impact and infrastructure damage, information critical to
3 any storm response. Having this information quickly will
4 help the Company accurately define resource needs and
5 confirm all material requirements to restore all customers.
6 For this project, the Company will explore several
7 technology-supported processes to support restoration
8 efforts.

9 Q. Please discuss Staff's adjustments to the Storm Response
10 Technology Advancements Project.

11 A. Staff recommended removal of the entire capital funding
12 request, decreasing the overall request by \$18.04 million.
13 Staff also recommended (pg. 241) removal of the entire
14 incremental O&M budget request, decreasing the overall
15 request by \$1.2 million.

16 Q. What was Staff's justification for its recommendations?

17 A. In concurrence with the Staff Electric Resiliency and
18 Reliability Performance Mechanism Panel, Staff stated (p.
19 241) that this project is insufficiently justified. Staff
20 cites Company discovery response to DPS-47-992, which noted
21 that "current processes are effective," and assumes that
22 because the Company noted that there is an expectation of
23 faster restoration times and cited a law from 2022, that

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1 the Company has already implemented processes to avoid the
2 fines.

3 Staff contends that the on boarding portion of this
4 project, which would reduce the two-hour period to one hour
5 is insignificant, and that for the proposal to
6 incrementally improve the weather model, the benefits will
7 not exceed the costs.

8 Q. Did any other party recommend adjustments to this program?

9 A. Yes. NYECC rejects the Company's funding request in full.

10 Q. What was NYECC's justification for the adjustments?

11 A. NYECC argues, in essence, that the status quo is acceptable
12 because "the time between the start of restoration and when
13 service is restored by the Company is currently effective"
14 (pg. 35) and that the requested investments are
15 unnecessary.

16 Q. Do you agree with Staff's and NYECC's rationale?

17 A. No. Investing in storm technology advancements will improve
18 the customer experience by providing for more efficient
19 storm response leading to reduced outage times and mutual
20 aid cost reductions by both right sizing the response
21 resources and by demobilization of crews sooner. These
22 savings will significantly reduce the financial burden on

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1 external stakeholders that result from power outages.
2 Furthermore, the initial investment will catalyze
3 technological innovations that will help maintain economic
4 stability and drive business continuity within each
5 community. Holistically, the technology investments will
6 drive down Company restoration costs, customer costs and
7 improve quality of life by bringing back normalcy to
8 communities earlier.

9 Q. Do you agree with Staff's statement "Given that the fine
10 (Public Service Law 73) has been implemented since 2022,
11 the Company has already implemented the processes necessary
12 to avoid the fines?"

13 A. While the Company continuously attempts to improve its
14 storm process, delays in any of these processes will have a
15 domino effect resulting in downstream delays, i.e., delays
16 in understanding the damage delays work package creation,
17 work assignments and field crew dispatch. This ultimately
18 yields delayed customer restoration. The technological
19 advancements being requested in this project will minimize
20 these delays and help put the Company in a stronger
21 position to meet customer expectations and avoid fines
22 imposed by PSL 73.

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1 Q. Do you agree with Staff's statement that a reduction of "as
2 much as one hour" is insignificant when dealing with mutual
3 aid crew onboarding?

4 A. No. When preparing for major storm response, the Company
5 will typically secure and onboard mutual assistance
6 resources prior to storm impact. Additional resources will
7 be secured if system impact is greater than forecasted. It
8 is critical to get these additional crews onboarded and
9 dispatched expeditiously. The Company pays each mutual
10 assistance resource approximately \$300 per hour. Typically,
11 recent weather forecasts/events required the Company to
12 secure approximately 400 mutual aid FTEs. One hour of
13 onboarding delays would have cost the Company over
14 \$100,000. Furthermore, as we have seen around us, we expect
15 an increase in more impactful and severe weather events due
16 to climate change. During the Company's response to
17 Tropical Storm Isaias, we secured approximately 3,000
18 mutual aid resources. Eliminating one hour of onboarding
19 delays would have reduced costs by approximately \$1
20 million. More important than cost savings, when you have 72
21 hours to complete a restoration, every hour counts to both
22 the Company and the customer.

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1 Q. Do you agree with Staff's statement that "the Company has
2 not supported that the benefits of such reduction will
3 outweigh the costs necessary to achieve the reduction?"

4 A. No. In the "Summary of Financial Benefits and Costs"
5 section of the white paper (Exhibit __ (IT-6-Upd, p. 40)),
6 the Company states that it is not possible to estimate the
7 extent of the financial benefit of these improvements, but
8 benefits of avoided outage time are significant for both
9 customers and the local economy. Expediting restoration by
10 even one hour for thousands of customers during multiple
11 major storms could result in millions of dollars in
12 response savings as well as societal benefits by
13 communities getting back to a sense of normalcy. We
14 believe that these benefits for residential and commercial
15 customers, local business owners, and critical customers
16 far outweigh the Company's costs.

17 Q. Do you agree with Staff's statement that "there is no
18 indication that the incremental improvement of the weather
19 model process will derive benefits that outweigh the costs
20 to implement or maintain the improvement?"

21 A. No. There are substantial costs associated with any storm
22 response. Investing in weather forecasting technology can
23 provide more precise storm job impact estimates. This, in

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1 turn, will improve the accuracy of resource requirements, a
2 necessity for the Company and customers. Each mutual
3 assistance resource costs approximately \$5,000 per day. The
4 weather forecasting technology will allow for right-sizing
5 the Company's response and will avoid costs for resources
6 that are not required.

7 **Transforming Outage Management with Advanced AMI (Advanced**
8 **Metering Infrastructure) Integrations**

9 Q. Please explain Transforming Outage Management with Advanced
10 AMI (Advanced Metering Infrastructure) Integrations.

11 A. As we discussed in our filing (Exhibit___(IT-6)),
12 Transforming Outage Management with Advanced AMI
13 Integrations will provide the AMI foundational technology
14 to enhance the Company's outage management capabilities.
15 The project will automate the analysis of AMI meter data to
16 handle reported outages by customers, validate outage and
17 restoration predictions, and increase the performance of
18 AMI data within OMS. This meter-level automation will
19 result in improved customer experience, additional
20 reduction in unnecessary truck rolls, and increased
21 accuracy of outage impacts.

22 Q. Please discuss Staff's adjustments to this project.

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1 A. In concurrence with the Staff Electric Resilience and
2 Reliability Performance Mechanism Panel, Staff Andrew
3 Carpenter recommended (pp. 77) no funding for the project,
4 decreasing the overall request by \$35.914 million over the
5 three-year period based on the Company request.

6 Q. What was Staff's justification for its recommendations?

7 A. Staff justifies its reduction on the claim that the project
8 is "unnecessary to maintain current operational standards
9 and is inadequately justified." Staff cites the Company's
10 response to DPS-45-928 in which the Company stated the
11 current operator response and restoration processes are
12 sufficient. Staff also stated the Company's example of
13 reduction in data retrieval time was an insignificant
14 optimization for a sufficient process.

15 Q. Do you agree with the Staff Panel's rationale?

16 A. No. This program includes both replacement of existing
17 integrations to address system constraints, and
18 implementation of new AMI data integrations to enable
19 automation and increased OMS functionality. With the
20 growing demand on our system that manages and processes AMI
21 meter data for billing, without this project work, the
22 integrations to OMS are at risk. Our emergency response

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1 operators, who respond to electric outages in OMS, depend
2 upon AMI data to respond effectively to outage reports.

3 For example, the AMI fortification project sub-component,
4 which creates resiliency by segregating billing and
5 operations computing resources, is necessary so that the
6 outage management processes have access to AMI data.

7 Without this project, the additional system overhead added
8 by new billing functions, such as to accommodate clean
9 energy priorities, will negatively impact the availability
10 of AMI data and will result in degraded operator response.

11 As such, the Company increasing its leverage of AMI in
12 other contexts should be viewed as a rationale for the
13 operationally required nature of this initiative, as
14 opposed to as a justification for budget reduction.

15 Q. How does the project improve operational excellence?

16 A. The project replaces manual processes by implementing
17 automation that uses AMI data to analyze outage reports
18 from customers in less time. The Company disagrees with
19 Staff's assessment that 50% reduction in data retrieval
20 time is an insignificant optimization for a currently
21 sufficient process. While the reduction to meter data
22 retrieval time may seem insignificant for a single meter
23 being evaluated, in aggregate, the time savings is

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1 significant and can result in meaningful reductions to
2 evaluation time during larger events. The manual retrieval
3 of data and analysis with each avoided truck roll is
4 approximately 5 minutes and, as described in DPS-45-928,
5 must be performed by an operator on-demand as a manual
6 process that is subject to human error. As an example of
7 the significance of the improvement, for the 17,460 average
8 truck rolls currently avoided annually, the automation
9 translates to 87,300 minutes of operator time reduced.

10 Additionally, as discussed in the Company's response to
11 DPS-45-928, there were approximately 5,062 incorrect
12 assessments of outage calls in 2024. The proposed
13 automation enabled through this project is expected to
14 reduce these incorrect assessments by half, resulting in
15 approximately 2,500 avoided truck rolls annually.

16 Q. How does the project improve the customer outage
17 experience?

18 A. As described in DPS-45-928, customer feedback and
19 benchmarking insights highlight the need to provide
20 accurate, proactive communication about outages to
21 customers and to build on the technology to allow AMI to be
22 the primary means of identifying and responding to outages.
23 The project implements meter-level validation of customer

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1 reports of outages, resulting in immediate response and
2 communication in cases where a customer reports an outage
3 and no outage actually exists. The risk of not doing this
4 work will be the unnecessary use of field resources to
5 investigate outage reports by customers that are not
6 related to the Company's service, delaying communication to
7 these customers. The project will also implement proactive
8 communications upon the detection and validation of
9 outages, enabling customers to be aware of outages even
10 when they have not reported an outage.

11 Q. Are there additional benefits to this project that Staff
12 did not address?

13 A. Yes. In addition to the everyday outage management
14 response, this project addresses storm response as well.
15 The benefits discussed above apply even more so during
16 storms, and the single ticket automatic closure directly
17 improves the tail-end of storm response. During storms, an
18 enormous effort is required to continuously sift through
19 single customer outage tickets manually and analyze them to
20 close them. This often results in field crews being
21 inefficiently deployed at the end of storm events, which
22 increases mutual aid costs and lengthens the outage time
23 for customers. This project will leverage the AMI

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1 This program aims to do the work to meet the below
2 requirements based on above-mentioned Upgrades and
3 Enhancements needs.

- 4 • Head End System (HES): Annual upgrades to enhance
5 functionality, security, and vendor support.
- 6 • Meter Asset Management System (MAMS): Centralized data
7 repository, version control, automated deployment, and
8 streamlined workflows.
- 9 • Meter Data Management System (MDMS): Upgrade to latest
10 version, implement PSC-mandated bill rates, and improve
11 integration and efficiency.
- 12 • Hardware Upgrades: Refresh servers and storage, implement
13 high availability, and adopt containerization (e.g.,
14 Kubernetes) for scalability.
- 15 • Profield Encore (PFE): Improve inventory control,
16 documentation, and large meter installations.
- 17 • Custom Applications: Enhance data sync, real-time alerts,
18 alarm mapping, and billing accuracy.

19 Q. Please discuss Staff's adjustments to this program.

20 A. Staff recommended a capital budget of \$10.97 million (a
21 decrease of \$10.97 million from the Company's \$21.94
22 million request in RY1), \$10.86 million (as compared to the
23 Company's \$10.86 million request in RY2), and \$11.56
24 million (as compared to the Company's \$6.08 million request
25 in RY3) for RY1-RY3, respectively. This is an overall

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1 reduction of \$5.49 million over three years and attempts to
2 level the request by moving \$5.49 million from RY1 to RY3.

3 For incremental O&M, Staff proposed \$2.57 million (as
4 compared to the Company's \$5.13 million request in RY1),
5 \$1.00 million (as compared to the Company's \$1.00 million
6 request in RY2), and \$1.63 million (as compared to the
7 Company's \$0.85 million request in RY3) for RY1-RY3
8 respectively, reducing the overall request by \$6.93 million
9 for three years.

10 Q. What was Staff's justification for its recommendations?

11 A. Staff makes a 50 percent reduction to both capital and O&M
12 for the program in RY1 on the grounds that they are
13 insufficiently justified. Staff opines that while the
14 Company notes that the steady state program is to fund on-
15 going needs associated with maintaining the AMI system, the
16 white papers risk of no action does not confirm that not
17 doing this would not in fact impede AMI's progress, that if
18 the systems become outdated, it would be a potential
19 roadblock and that while the data lake is helpful, it would
20 be possible to operate without it.

21 Q. Do you agree with the Staff Panel's rationale for its
22 reduction?

1 A. No. The proposed reductions overlook the mandated strategic
2 and operational necessity of these investments for several
3 reasons.

4 First, in RY1, per the contract with the vendor, hardware
5 replacements must be done because they are on a five-year
6 refresh cycle. Moving the hardware replacement until RY3
7 will not meet the contractual maintenance terms and cause
8 support issues with the vendor. Thus, the hardware refresh
9 and system upgrades scheduled for RY1 cannot be divided or
10 deferred until RY3. It is necessary to acquire all hardware
11 as a single purchase during RY1. In addition, based on the
12 vendor contracts and ongoing maintenance efforts, the O&M
13 incremental request is needed for RY1.

14 Second, upgrading and maintaining the software is not
15 optional. We cannot put off upgrades, as we risk vendor
16 contractual issues, negatively impact system performance,
17 degrade customer experience, increase maintenance costs,
18 and hinder our ability to respond to outages and billing
19 issues efficiently.

20 Third, enhancements which are continuously being requested
21 by the business and customer operations would be denied
22 absent appropriate funding. This would put us behind and
23 cause significant catch-up work in the next rate case.

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1 Q. Can you please provide an example of an enhancement?

2 A. The PFE application will be upgraded to improve inventory
3 control, streamline documentation for device
4 investigations, and optimize the bulk meter installation
5 process. These changes will enhance data quality and
6 operational efficiency, directly supporting field
7 operations and asset tracking.

8 We are implementing version control and automated CI/CD
9 pipelines for the Meter Asset Management System (MAMS).
10 This will improve development velocity, software quality,
11 and deployment reliability. Additionally, we plan to
12 integrate Microsoft AI tools to enable natural language-
13 based reporting, reducing turnaround time and improving
14 decision-making.

15 Enhancements to AMCX will synchronize data between AMI and
16 billing systems, capture network device data into a
17 centralized repository, and automate critical reports such
18 as meter discovery and orphan asset identification. Real-
19 time alerts for anomalies and usage spikes will also be
20 introduced, reducing manual intervention and improving
21 responsiveness.

22 The AMI Suite will be enhanced to include Life-Support
23 Equipment (LSE) alarms for power loss, safety controls for

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1 Remote Connect Disconnect (RCD), and a web-based tool for
2 asset cleanup. Real-time alarm mapping for major weather
3 events will be integrated, improving emergency response and
4 customer safety.

5 The Meter Data Management System (MDMS) will be enhanced to
6 support new service order types, integrate with PFE and
7 other systems, and automate access controls. Enhancements
8 will also include improved billing determinant reports,
9 estimation routines for non-communicating meters, and
10 support for PSC-mandated rate structures, such as MHP
11 standby and clock-hour demand.

12 To keep the system properly functioning, enhancements must
13 be addressed as they arise.

14 Q. Please continue.

15 A. The proposed program is not discretionary—it is essential
16 to maintain high invested and critical systems integrity,
17 meet regulatory mandates, and align with mandatory vendor
18 roadmaps, cybersecurity requirements, and ensuring business
19 continuity. Delaying these investments would also increase
20 technical debt and the risk of system instability.

21 **AMI Communications Network Steady-State**

22 Q. Please explain the AMI Communication Network Steady-State
23 project.

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1 A. As discussed in our initial testimony (Exhibit___(IT-6)),
2 the AMI Communication Network Steady-State project supports
3 the continued steady-state operation of the AMI
4 communication network. The AMI Deployment project
5 established a system-wide communication network, comprised
6 of interconnected communication devices that aggregate data
7 from and communicate with AMI electric and gas meters and
8 natural gas detectors. This network supports customer
9 billing and provides data for other Company critical
10 initiatives, such as outage management and hot socket
11 monitoring.

12 Q. Were any adjustments recommended for this project?

13 A. Yes. NYECC witness Anderson (pp. 23-24) recommends the full
14 project funding request be denied because, in response to a
15 discovery request regarding expected AMI degradation
16 percentages, the Company provided an approximate percentage
17 based upon an assumed degradation of devices without any
18 factual basis and support requested.

19 Q. Do you agree with the NYECC's rationale for its reduction?

20 A. No. First, this is a hypothetical question that cannot be
21 answered in exact percentages. There are many AMI devices
22 and while there is an average rate of degradation, each
23 device may impact degradation at different rates, some more

1 and others less than the average. The Company's response to
2 NYECC-29-132 notes that the degradation rate "could be
3 further exacerbated as conditions across the service
4 territory evolve with new construction, building
5 demolitions, renovations, cellular carrier modifications,
6 and other infrastructure alterations." So, the answer is at
7 best an estimate.

8 Q. Please continue.

9 A. The answer to the question depends on several factors, none
10 of which are stagnant. This includes new devices installed,
11 old devices aging, cellular carrier changes, and the like.

12 Q. Has NYECC demonstrated that a full reduction to the project
13 is necessary?

14 A. No. Given the complexity of the AMI system, and the
15 admitted degradation, not funding the project is likely to
16 lead to billing and other consequences.

17 Q. What would be the impact of AMI communication network
18 degradation?

19 A. AMI communication network degradation would result in AMI
20 meters no longer communicating correctly. For every 1% of
21 network decay, 48,000 meters would be affected. There would
22 be an increase in estimated billing and an impact to other

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1 Company initiatives including outage management and
2 customer safety.

3 **IV. Core Applications**

4 **Maximo Consolidation Program - Phase 2**

5 Q. Please explain Maximo Consolidation Program - Phase 2

6 A. As discussed in our initial testimony, Maximo Consolidation
7 Program - Phase 2, is the continuation of IT's effort to
8 migrate all disparate Work Management System (WMS) legacy
9 systems onto the Maximo (One Enterprise) platform. We
10 successfully migrated 16 legacy systems to Maximo in Phase
11 1. The scope of work under this white paper includes legacy
12 applications not included in Phase 1 that need to be
13 migrated to Maximo between 2026 and 2028. In addition to
14 new applications, the scope also includes new
15 functionalities for applications migrated in Phase 1.

16 Q. Please discuss Staff's adjustments.

17 A. Staff recommended a 70 percent adjustment of the Company's
18 request, providing a capital budget of \$9.326 million,
19 \$8.920 million, and \$7.201 million for RY1, RY2, and RY3,
20 respectively, decreasing the overall request by \$10.906
21 million. Staff also recommended an incremental O&M budget
22 of \$0.970 million, \$0.072 million, and \$0 million for RY1,

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1 RY2, and RY3, respectively, decreasing the overall request
2 by \$1.833 million.

3 Q. What was Staff's justification for its recommendations?

4 A. Staff claims (pp. 260-261) that there was insufficient
5 justification for this project and suggests the original
6 scope for Phase 1 was "inappropriately defined." Staff
7 also notes that because there is a 25 percent scope
8 completion, the project could be revised to fit within the
9 funding level and that the Company should (p. 262) "focus
10 efforts on completing the originally identified scope prior
11 to expanding the scope to include more applications."

12 Q. Do you agree with the Staff Panel's rationale for its
13 elimination?

14 A. No. It appears the Staff misunderstood our testimony.

15 o Phase 1 scope will be completed by the end of this
16 year (2025) and the scope was limited to
17 functionalities available in the legacy systems.
18 During project implementation, the business identified
19 additional "must-have" requirements in Maximo that are
20 needed for business operations. We did not include
21 these new requirements in Phase 1 to stay within
22 original scope and budget. In addition, we also

1 identified additional legacy systems that need to be
2 migrated to Maximo as part of Phase 2.

3 o With regard to O&M, the full requested amount is
4 needed to support the complex functionalities
5 introduced by the 16 apps introduced by Phase 1
6 applications. This includes uplift of support costs
7 for MSP and staffing levels to support business
8 operations and Maximo testing team.

9 **Finance and Supply Chain Transformation**

10 Q. Please explain the Finance and Supply Chain Transformation
11 Project.

12 A. As we discussed in our initial testimony (Exhibit __ (IT-7,
13 pp. 59-7)), the Finance and Supply Chain Transformation
14 Project will transition the Company from on-premises Oracle
15 EBS to Oracle E-Business Suite Cloud to prepare for
16 platform end-of-life and enhance operational efficiency and
17 cybersecurity. The project involves a thorough business
18 requirements review, identifying fit gap analysis, and
19 designing appropriate solutions. A guiding principle is
20 prioritizing configuration over customization, aligning
21 custom processes with standard Oracle Cloud's capabilities.
22 Oracle's cloud services will also provide stronger
23 cybersecurity through frequent updates.

1 Q. What are Staff's and NYC Electric Infrastructure Panel's
2 adjustments to the Project?

3 A. Staff recommends removing the requested capital project but
4 not the \$104,000 incremental O&M that was requested in RY1.

5 NY City Electric Infrastructure Panel recommends that
6 initial funding for the project be limited to amounts
7 demonstrably necessary for the completion and thorough
8 review of the "Phase 0 scoping and planning effort," the
9 development of a robust quantitative CBA, a detailed plan
10 for managing the 563 existing customizations (including
11 business process re-engineering costs), and a full
12 lifecycle cost estimate.

13 Q. What are the justifications for these recommendations?

14 A. Staff bases its full denial on insufficient justification
15 for two reasons. First, the alternatives section of the
16 whitepaper states that "Con Edison has the option to either
17 continue with the existing local solution or postpone the
18 transition to the cloud," but also notes that the
19 alternatives section comments that the Company will not
20 receive updates and improvements at the same pace as the
21 cloud version.

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1 Second, Staff expresses concerns about the other major
2 projects (eGIS, Clean Energy Mapping, and upgrading being
3 worked on) and opines that beginning another major
4 initiative before the actual cost avoidance of these major
5 projects can be calculated would be "hasty." Staff also
6 states that the Company can continue existing processes.
7 NYC's concern is the request of substantial funding in RY1
8 and RY2 before the completion of a critical "Phase 0
9 scoping and planning effort." They also suggest that the
10 white paper lacks a detailed, quantitative cost-benefit
11 analysis that links the \$399.8 million expenditure to
12 specific, measurable financial benefits for ratepayers,
13 such as O&M savings or quantifiable efficiency gains.

14 Q. Do you agree with the rationale for these recommendations?

15 A. No.

16 Q. Does Con Edison have the option to continue with the
17 existing local solution and postpone the transition to the
18 cloud, or to perform only the Phase 0 and defer the
19 implementation?

20 A. No. EBS is a critical part of the Company's finance and
21 supply chain operations and has been highly customized over
22 time to adapt to our needs. We have over 563 customized

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1 objects, and it takes a team of five three months of manual
2 effort to test and validate before each semiannual patch
3 cycle. Therefore, it is imperative that we migrate from EBS
4 to a modern solution (Oracle Fusion ERP Cloud) in advance
5 of EBS losing vendor support, which will occur in 2035.
6 Doing so reduces risk to the Company's operations, while
7 also allowing adequate time to design business process
8 efficiency, reduce customizations/technical debt, and
9 stabilize the future solution.

10 Q. Why must the Company execute this project now?

11 A. ERP transformations take years to perform effectively.

12 Delaying this transition will amplify several risks
13 including:

- 14 • Lack of ability to complete the transition in advance
15 of EBS vendor support ending
- 16 • Lack of time to adequately stabilize the solution and
17 end user adoption in advance of EBS vendor support
18 ending (typically, 12-18 months after go live)
- 19 • Staff attrition/retirement and lack of resources
20 knowledgeable of the current solution(s)
- 21 • Increased program costs due to normal cost of living
22 increases, inflation, and premiums related to system
23 integrator labor availability

24 As mentioned above, a key reason for near-term initiation
25 of this project is the timeline for replacement planning
26 and completion relative to the platform's end-of-life.

27 Q. Please explain.

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1 A. We are planning a 9-month Phase 0, followed by 28 months
2 for full implementation and 6 months of extended premium
3 support, totaling a 43-month project timeline. Delaying
4 this initiative three years risks pushing the
5 implementation out much closer to the EBS end-of-life; as
6 replacement gets closer to that end-of-life, the potential
7 impact of any delays becomes greater. Having a go-live
8 target too close to end-of-life also increases rollback
9 risk; in the event of an unforeseen situation requiring a
10 rollback, we would be backing out onto an unsupported
11 platform with minimal mitigation options. Further, the
12 longer we remain on the current EBS platform, the more
13 likely it will be that patches for operational improvements
14 will become less available as the vendor focuses on
15 enhancing the cloud version of the product. Timely
16 execution is critical to avoid operational and regulatory
17 vulnerabilities. It is in the best interest of Company and
18 our customers to begin the transition now, allowing for a
19 thoughtful, structured, and risk balanced delivery approach
20 concluding with a successful outcome of the program.

21 Q. Do you agree with the Staff Panel's rationale that
22 beginning another major initiative before the actual cost
23 avoidance of these major projects can be calculated would
24 be "hasty"?

1 A. No. The Company has executed multiple high-value projects
2 concurrently. In addition, the other initiatives cited by
3 Staff do not have personnel or technology overlaps with the
4 Finance and Supply Chain Transformation Project. The teams
5 performing the work are resourced from different
6 departments, and the technology platforms are independent.

7 Q. Do you agree with the City's recommendation to undertake
8 only Phase 0?

9 A. No. As mentioned in the White Paper, the Company will
10 perform a Phase 0 to fully scope and plan the project.
11 This will provide the detailed CBA and plan for
12 customizations. For the reasons noted above, in addition
13 to the Phase 0, the implementation work must begin in the
14 next few years to allow adequate time to complete the
15 project prior to the current platform's end-of-life.

16 **Fixed Asset and Tax Accounting Transformation**

17 Q. Please explain the Fixed Asset and Tax Accounting
18 Transformation project.

19 A. As discussed in initial testimony (Exhibit ___ (IT-7)), the
20 Fixed Asset and Tax Accounting Transformation Project will
21 modernize the Company's fixed asset and tax accounting
22 systems. This project will address system limitations,
23 including audit risks, data integrity issues, and

1 inefficiencies; improve tracking and closing projects to
2 plant; and enhance processing speeds for querying assets
3 and locating work orders within the system.

4 The project is tightly integrated with the Oracle Fusion
5 Cloud ERP implementation to align asset lifecycle data and
6 support for regulatory compliance. A Phase 0 effort in 2025
7 is defining scope, cost, and system design to support an
8 informed implementation in subsequent years.

9 Q. Please discuss Staff's adjustments to the project.

10 A. Staff recommended denial of the entire project budget,
11 including \$25.717 million in RY1, \$25.758 million in RY2,
12 and \$13.059 million in RY3 for capital as well as all
13 requested O&M. This represents a total reduction of \$64.5
14 million in capital funding and \$2.6 million in O&M.

15 Q. What was Staff's rationale for its recommendations?

16 A. Staff claims the project is insufficiently justified and
17 potentially premature, given that other large-scale IT
18 projects are currently underway. Staff also noted the
19 Company could theoretically continue using the existing
20 system or delay migration and expressed concern over the
21 project's dependency on the Oracle Fusion Cloud ERP
22 initiative, which Staff also recommended not funding.

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1 Q. Do you agree with the Staff Panel's rationale for its
2 reduction?

3 A. No. First, the need for a new system has been justified.
4 There is no question that PowerPlan, a fifteen-year-old
5 system, is plagued by structural inefficiencies, data
6 quality issues, and manual workarounds. (See, for example,
7 the Company's response to DPS-47-986.)
8
9 Second, the 2025 Phase 0 study will validate the optimal
10 solution path and define implementation plans. The Company
11 has already evaluated alternatives, including other
12 software vendors, and determined that none meet our
13 regulatory and functional needs. At this point, this is a
14 scoping and implementation process.

15 Staff's justification for the adjustment ties the Finance
16 and Supply Chain Transformation to this project. While
17 this project will interconnect with the Finance and Supply
18 Chain project, to delay one because the other is delayed is
19 not necessary. The Company has demonstrated that a new
20 Fixed Assets and Tax system is needed; see testimony,
21 exhibits and discovery response. Deferring this effort
22 delays compliance improvements, and essentially continues
23 the existing unitization process, thereby forgoing
potential tax benefits.

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1 Ultimately, delaying this work increases the cost and
2 complexity of the interconnection with the Finance system
3 and could necessitate maintaining two interconnections, one
4 with the existing outdated PowerPlan system and another
5 with the new tax cloud system once implemented.

6 Q. Can the Company upgrade the existing system?

7 A. Simply upgrading the existing system to a new version will
8 not address the underlying data and processing limitations
9 that currently hinder our operations. We must proceed with
10 a new system to tackle these foundational issues rather
11 than merely prolonging them with a temporary fix.

12 Q. Are there additional drivers for starting the project now?

13 A. Yes. The Tax Fixed Asset module of the PowerPlan
14 Application needs to be replaced with the cloud version by
15 the end of 2026. If this project is not pursued, we will
16 still be required to make incremental capital expenditures
17 to upgrade PowerPlan, as support for the current version
18 will end, as included in DPS-47-986 Attachment H. The
19 project duration is 43 months, which includes 9 months for
20 phase 0 efforts, 28 months for project execution, and 6
21 months for stabilization.

22 **Learn, Talent Management, and Compensation Replacement**

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1 Q. Please explain the Learn, Talent Management and
2 Compensation Replacement project.

3 A. As discussed in our initial testimony (Exhibit __ (IT-7-
4 Upd, pp. 17-25)), the Learn, Talent Management and
5 Compensation Replacement project will replace ten legacy
6 homegrown and vendor applications that the Human Resources
7 (HR) and Learning & Inclusion (L&I) organizations use to
8 perform core business functions (e.g., Performance
9 Management, Training and Succession and Compensation
10 Planning). Oracle Fusion Human Capital Management (HCM)
11 application will replace these homegrown, aging (over a
12 decade old) systems. This project enables the Company to
13 mitigate cyber and operational risks associated with
14 obsolete technologies and improve business processes
15 through improved security, increased automation, and
16 enhanced functionality.

17 Q. Please discuss Staff's adjustments to the Learn, Talent
18 Management and Compensation Replacement project.

19 A. Staff recommended a capital budget of \$16.563 million,
20 \$5.437 million, and \$0 for RY1, RY2, and RY3, respectively,
21 decreasing the overall request by \$9.427 million. Staff did
22 not recommend any adjustments to the incremental O&M
23 requested.

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1 Q. What was Staff's justification for its recommendations?

2 A. Staff applied its 70% funding methodology, based on its
3 belief that the project "contains strategic elements
4 unnecessary to maintain current operational standards" (p.
5 154), highlighting AI and manual business processes as
6 examples. In addition to citing that the project indicates
7 no avoided costs, Staff claims that the project scope can
8 be adjusted to fit within Staff's reduced funding given the
9 project's degree of scope completion and contingency
10 levels.

11 Q. Do you agree with the Staff Panel's rationale for its
12 reduction?

13 A. No. Whether the project is operationally needed or
14 strategically needed, it is still something that must be
15 done. Our current homegrown, aging systems need to be
16 replaced, and these functions moved to our Oracle HR
17 platform, otherwise, we will be maintaining two different
18 systems, increasing costs and decreasing efficiency. While
19 the Company applies patches and updates to keep these
20 applications functional, this approach is not sustainable
21 and will add costs in the long term.

22 Q. Are there additional reasons that you disagree?

1 A. Yes. The legacy HR and L&I systems do not have the
2 functionality that cloud-based systems do. We noted on
3 Exhibit ___ (IT-7-Upd, p. 21) that many of our current
4 processes are manually intensive. For example, the annual
5 planning process takes a month and requires business
6 training coordinators to manually enter data and training
7 advisors to manually compile that data to create the year's
8 schedule. Another labor-intensive process involves
9 scheduling block training, which integrates multiple
10 compliance training topics into a single course. This
11 process requires manual intervention, making it inefficient
12 and susceptible to human error. Oracle HCM Fusion automates
13 these processes and allows employees more time to focus on
14 other work rather than manual administration of annual
15 planning.

16 Q. Does the Company agree that the project having no stated
17 avoided costs is a relevant basis for reduced funding?

18 A. No. The current platforms are not sustainable in the long
19 term and support costs associated with their maintenance
20 will only escalate. Most of the HR and L&I applications are
21 constructed on legacy technology platforms, which will
22 necessitate a complete overhaul due to application
23 compatibility issues, as components reach end-of-life.

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1 Q. Does the Company agree that the project scope can be
2 reduced to fit within Staff's recommendation?

3 A. No. As noted above, this project consolidates business
4 processes and data integrations from ten complex legacy
5 applications into one cloud solution. Using scope
6 completion for project refinement overlooks unforeseen
7 risks and challenges, potentially leading to misaligned
8 changes. The 30% contingency accounts for the project's
9 complexity and allows the Company to address unexpected
10 challenges for successful completion. As such, current
11 scope completion and contingency levels should not be
12 considered relevant drivers for scope refinement.

13 **Employee Hub System Improvements**

14 Q. Please explain the Employee Hub System Improvements
15 project.

16 A. As discussed in our initial filing (Exhibit __ (IT-7, pp.
17 215-220)), the Employee Hub System Improvement project is a
18 strategic, multi-year initiative that will implement
19 several enhancements and improvements to the processes,
20 reporting, and performance of the Employee Hub (Oracle
21 Human Capital Management (HCM)) system. This project
22 includes various activities related to the Employee Hub,
23 including:

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- 1 • Simplifying and strengthening the existing overly
2 complicated external access for non-employee users,
3 such as retirees and pending workers;
- 4 • supporting the development, testing, and
5 implementation of mandatory large-scale structural
6 changes released by Oracle;
- 7 • accommodating modifications resulting from business
8 changes such as the introduction of new benefit
9 vendors and union contract changes; and
- 10 • facilitating the expansion of employee numbers and
11 section IDs.

12 Q. Please discuss Staff's adjustments to the Employee Hub
13 System Improvements project.

14 A. Using its 70 percent reduction methodology, Staff
15 recommends capital funding of \$4.2 million in RY1, \$5.6
16 million in RY2, and \$4.69 million in RY3. This represents a
17 reduction of \$6.21 million in capital funding.

18 Q. What was Staff's justification for its recommendations?

19 A. Staff claims that the project contains insufficiently
20 justified elements, that the Company stated that the
21 current reporting and system operation are adequate, and
22 that the Company is managing the overly complicated
23 external access process successfully. Moreover, Staff notes
24 that since the project has varying completion dates, the

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1 Company can refine the project to align with the
2 recommended budget.

3 Q. Do you agree with the Staff Panel's rationale for its
4 reduction?

5 A. No. To begin, Staff parses the discovery response regarding
6 whether the system is adequate. The full response read
7 "While the current processes are adequate, there are some
8 processes that were classified as day 2 items." In
9 developing the Employee Hub, the Company knew there were
10 items that needed to be done for initial implementation and
11 then followed up with additional work, i.e., Day 2 items.
12 The Company was clear that there was additional work to do,
13 which is the basis of this project. Examples provided in
14 discovery include automation of several independent
15 processes that run to complete payroll to eliminate human
16 interaction; and redesign of approximately 10 long-running
17 jobs to provide more timely access to data. These
18 activities were all considered Day 2 items and were
19 intended to come after initial implementation.

20 Moreover, in the same discovery response to Staff's
21 questions regarding external access, the Company stated:
22 "The Employee Hub (Oracle HCM) is a cloud-based system, to
23 meet our cybersecurity requirements when outside users

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1 (retirees and pending workers) attempt to access the
2 system. These steps include registering using the
3 confirmation email on record, setting up Con Edison network
4 access and downloading and installing an additional
5 software application onto their personal devices. The
6 registration process currently involves 13 steps as
7 outlined in the registration instructions (see Attachment 1
8 - Registration Instructions.pdf for additional details).
9 This process has increased the volume of calls related to
10 external access registration." The Company noted that in
11 2024 HR employees spent 600 hours handling retiree
12 questions related to external access. Requiring users to
13 take 13 steps meets the requirement to provide secure
14 access but was not meant to be a long-term solution.

15 Q. Please comment on Staff's project scope argument.

16 A. As discussed earlier, this program will include several
17 initiatives to make required improvements to the Employee
18 Hub that requires the project to be fully funded. Two
19 examples of these initiatives include:

- 20 • Expanding Employee ID and Section ID: The finite number
21 of unique five-digit employee IDs is nearing exhaustion,
22 requiring expansion to avoid operational disruptions. In
23 addition, regarding the organizational hierarchy, the
24 Company has exhausted the number of available three-digit

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1 section numbers and currently is relegated to evaluating
2 and repurposing old section numbers to meet business
3 demand. An expansion of these fields is also required.
4 With over 200 integrated applications integrated with the
5 Employee Hub, a budget reduction would limit our capacity
6 to modify all affected systems, leading to potential
7 malfunctions and inefficiencies

- 8 • Addressing impact of Oracle Cloud Technology Framework
9 changes: Significant updates to the Oracle Cloud
10 technology framework, such as Oracle Integration Cloud
11 Generation 3 (OIC GEN3) and Redwood, are not optional and
12 necessitate retesting and redevelopment to maintain
13 system functionality. A reduction in budget would hinder
14 our ability to perform these critical tasks, jeopardizing
15 the stability and operational readiness of the Employee
16 Hub.

17 **Gas Digital As-Built**

18 Q. Please explain the Gas Digital As-Built project.

19 A. The Gas Digital As-Built project is a forward-looking
20 investment that fulfills regulatory mandates and modernizes
21 critical infrastructure. As outlined in our initial
22 testimony (Exhibit __ (IT-7, pp. 94-99)), the Gas Digital
23 As-Built project is a regulatory-driven initiative designed
24 to modernize how Con Edison captures, stores, and manages
25 gas infrastructure data. The project replaces outdated
26 manual processes with a digital platform that enables real-
27 time data capture using GPS, barcodes, and mobile tools. It

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1 integrates with eGIS and Work Management Systems for long-
2 term traceability, safety, and operational efficiency.

3 Q. Please discuss Staff's adjustments to the Gas Digital As-
4 Built project.

5 A. Staff recommended (p. 175) reducing the capital budget for
6 the Gas Digital As-Built project from the Company's
7 original request of \$5.8 million in RY1, \$6.2 million in
8 RY2, and \$8 million in RY3, to \$4.060 million in RY1,
9 \$4.340 million in RY2, and \$5.600 million in RY3.

10 Q. What was Staff's justification for its recommendations?

11 A. Staff's rationale (pp. 176-177) centers on the assertion
12 that the project scope is not yet fully complete and that
13 the benefits are not sufficiently quantified. Staff also
14 suggests that the project includes strategic elements that
15 could be deferred or scaled back.

16 Q. Do you agree with the Staff Panel's rationale for its
17 reduction?

18 A. No. The project is not only regulatory-driven but also
19 structured to absorb functionality from legacy applications
20 currently used to capture plastic fusion data, such as the
21 Fuse-to-Fuser system, thereby realizing cost avoidances
22 associated with maintaining those aging platforms. Reducing

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1 the budget at this stage would delay these efficiencies,
2 increase long-term costs, and undermine the integration of
3 a modern, compliant, and scalable solution.

4 Q. Should Staff consider this project discretionary for the
5 Company?

6 A. No. The Gas Digital As-Built project is not discretionary.
7 In fact, the project directly supports compliance with
8 multiple regulatory mandates, including:

- 9 • Case 14-G-0212, *Proceeding on Motion of the Commission to*
10 *Investigate the Practices of Qualifying Person to Perform*
11 *Plastic Fusions on Natural Gas Facilities*, Order Requiring
12 Local Distribution Companies to Follow and Complete
13 Remediation Plans as Modified by this Order and to
14 Implement New Inspection Protocols (Issued and Effective
15 May 15, 2015): Requires documentation of plastic fusions,
16 including location, fuser, inspector, and date.
- 17 • 49 CFR §192.603(b), §192.917(e), §192.935(b): Requires
18 integration of GPS data and maintenance of records for
19 pipeline integrity.
- 20 • 16 NYCRR §255.603(c), §255.605(k): Requires accurate maps
21 and construction records for gas systems.

22 The project is designed not only to meet these requirements
23 but create a scalable, enterprise-wide solution for long-term
24 compliance and operational resilience.

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1 Q. What are the operational risks of not completing this
2 project?

3 A. The current manual process—relying on paper forms and hand-
4 drawn sketches—introduces significant risks, including
5 human error and data loss, delayed updates to GIS and asset
6 systems, and increased risk of excavation damage due to
7 inaccurate records. Failure to modernize these processes
8 could result in regulatory non-compliance, safety
9 incidents, and higher long-term costs from unnecessary
10 rework and emergency response.

11 Q. How does this project align with industry best practices?

12 A. Utilities across North America are implementing similar
13 digital as-built solutions with many other operators also
14 planning for the same. Regionally, other utilities serving
15 the New York area have implemented or are considering
16 comparable solutions.

17 Q. Why does the Company need to absorb functionality currently
18 handled by legacy applications, including capturing plastic
19 fusion data?

20 A. This consolidation will eliminate the need to maintain and
21 support those aging systems.

22 **Connected Vehicles**

1 Q. Please explain the Connected Vehicles - Enterprise Vehicle
2 Telematics project.

3 A. The scope of this project is to create a fleet of connected
4 vehicles that provide telematics, including GPS, along with
5 the installation of AI-powered cameras to modernize fleet
6 safety functionality and improve operational efficiency.
7 While the Company currently uses a telematics solution, the
8 proposed system represents a significant upgrade,
9 incorporating AI-powered cameras and advanced analytics to
10 provide real-time insights into driver behavior, vehicle
11 information, and route optimization. These capabilities are
12 essential for:

- 13 • reducing collision risk and associated costs through
14 proactive driver coaching;
- 15 • informing employees on idling and fuel usage via real-
16 time analytics; and
- 17 • improving outage response times by optimizing vehicle
18 dispatch and routing.

19 Q. Please discuss Staff's adjustments to the project.

20 A. Staff recommends that the Commission reject the project and
21 deny the requested funding.

22 Q. What was Staff's justification for its recommendations?

23 A. Staff bases (p. 91) its reduction on lack of justification:

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- 1 • The Company already uses a telematics solution.
- 2 • The proposed enhancements are not shown to be
- 3 necessary or to address a specific operational
- 4 deficiency.
- 5 • No evidence was provided that current driver behavior
- 6 or vehicle safety is deteriorating.

7 **Questionable Cost-Effectiveness:**

- 8 • The proposed recurring cost per vehicle is \$53.
- 9 • The cost disparity is considered material and not
- 10 adequately explained.

11 **Weak Supporting Evidence:**

- 12 • The studies cited by the Company are outdated or not
- 13 directly applicable.
- 14 • One study used for justification involved a limited
- 15 demographic (Caucasian male drivers), raising concerns
- 16 about the technology's effectiveness across a diverse
- 17 workforce.

18 **Potential for Discriminatory Outcomes:**

- 19 • The technology may not perform consistently across
- 20 different races, genders, or clothing types, which
- 21 raises concerns about fairness and the risk of biased
- 22 or unequal treatment.

23 **Redundancy with Existing Systems:**

- 24 • The claimed benefits, such as improved outage
- 25 response, are already addressed by existing systems
- 26 (e.g., current outage maps are deemed adequate).

27 Q. Do you agree with the Staff Panel's rationale for its
28 reduction?

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1 A. No. While the Company currently uses a telematics solution,
2 its capabilities are limited and prohibit further
3 advancements in driver safety and customer outage
4 experience. To enable improvements in driver safety and
5 vehicle operation, deployment and installation of modern
6 technology solutions, such as AI-powered dash cameras, is
7 required. This solution will provide real-time analytics
8 and the necessary data to fully understand driver habits,
9 help to identify at-risk driver behavior, and enable
10 immediate corrective actions that will reduce the risk of
11 motor vehicle collision and associated risks to employee or
12 public safety.

13 Data gathered in 2018, during the Company's prior pilot
14 assessment of camera-based Drive-Cam event data recorder
15 (EDR) units, clearly demonstrated a correlation between EDR
16 installations and vehicle collisions. From this data, the
17 Company observed that the number of reported significant
18 collisions (e.g., those involving contact with other moving
19 vehicles, pedestrians, or cyclists, and excluding low-speed
20 contact with stationary objects) decreased as the
21 proportion of its vehicle fleet equipped with EDR units
22 increased. For instance, the Company recorded approximately
23 200 significant collisions over a 12-month rolling basis

1 during the initial pilot phase, which involved deployment
2 of Drive-Cam EDR units in approximately 140 vehicles. When
3 the Company increased the number of EDR installations to
4 approximately 1,600 vehicles, the number of significant
5 collisions decreased by approximately 30%. Furthermore,
6 Company performance data indicates that the number of
7 higher risk collisions has remained stable at a level that
8 requires improvement. We believe introducing this project
9 will improve driver behavior and safety trends and reduce
10 higher-risk collisions. The Connected Vehicles project is a
11 forward-looking initiative that aligns with the Company's
12 goals of continuous improvement regarding safety,
13 efficiency, and modernization.

14 The concerns raised do not outweigh the substantial
15 benefits of an approximate 30% reduction in significant
16 collisions.

17 Q. Please continue.

18 A. The assertion that there is no evidence of declining driver
19 behavior misses the point: the project is preventative and
20 meant to reduce risk and potential injury to employees or
21 members of the public and/or property damage, not to be
22 reactive. It aims to improve safety performance proactively

1 by facilitating detection of at-risk behaviors, consistent
2 with industry best practices.

3 The Company is committed to deploying technology that
4 is equitable and non-discriminatory. The study's cited
5 limitations are acknowledged, but the Company is working
6 with vendors who have tested and employed their systems
7 across diverse populations and conditions. Furthermore, any
8 internal deployment will include rigorous internal testing
9 and validation for accuracy.

10 Finally, the intent is to use GPS to improve the customer
11 outage experience by utilizing real-time vehicle location
12 coordinates and actual customer outage location to
13 correlate vehicle location and provide proactive customer
14 communications on crew arrival. This is not redundant with
15 any existing systems. Specifically, our outage map provides
16 a static view only noting crew status based upon user
17 updates instead of real-time crew location using GPS.

18 Q. Does the Company believe Staff's cost comparison is
19 accurate?

20 A. No. The cost comparison is flawed for several reasons:

21 1. Technological evolution: The 2017 study references
22 rudimentary video-based monitoring systems. The proposed
23 system includes AI capabilities, real-time analytics, and

1 integration with enterprise systems, which naturally
2 command higher costs.

3 2. Inflation and scope: The cited costs do not account for
4 inflation accurately, nor do they reflect the full scope
5 of enterprise deployment, including cybersecurity, data
6 storage, and training.

7 3. Value over cost: The project's value lies in risk
8 mitigation and long-term savings, which far outweigh the
9 initial per-vehicle cost.

10 **Work Management Mobility**

11 Q. Please explain the Work Management Mobility project.

12 A. As we discussed in our filing (Exhibit___(IT-7)), the Work
13 Management Mobility project provides value-added mobility
14 products that will support multiple organizations and work
15 operations across the Company. The project is comprised of
16 numerous applications that provide features and
17 capabilities that support critical business workflows and
18 processes. These include the Job Briefing, Public Hazard
19 and My Inspection applications. The Work Management
20 Mobility project will implement required integrations
21 between these applications and other enterprise work
22 management and emergency management applications. These
23 integrations will improve environmental and workplace
24 safety, and data quality. Additionally, the project will
25 reduce the technical debt for applications in the portfolio
26 such as the Coded Component Library.

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1 Q. Please discuss Staff's adjustments to Work Management
2 Mobility.

3 A. Staff recommended capital funding of \$3.500 million, for
4 each of RY1, RY2, and RY3, respectively, decreasing the
5 overall request by \$4.5 million. Staff also recommended
6 incremental O&M funding of \$263,000 in each of RY1, RY2,
7 and RY3, decreasing the overall request by \$339,000.

8 Q. What was Staff's justification for its recommendations?

9 A. Staff bases its reduction on the assumption that elements
10 of the project scope are not required to maintain current
11 operational standards, that this is a strategic project,
12 and given the level of scope completion, the Company can
13 adjust the scope to fit the budget. Additionally, Staff
14 points to the Company's white paper that an alternative is
15 to do nothing, which would leave the current processes the
16 way they are, as another justification for the adjustment.

17 Q. Do you agree with the Staff's rationale for its reduction?

18 A. No. Enhancing the features and capabilities of the Job
19 briefing application and Hazard reporting includes
20 expanding the usage to all commodities at an enterprise
21 level to increase safety and reduce OSHA incident rates.
22 This is required to perform the job safely and minimize the

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1 Company's injury and incident rates. Some of these
2 enhancements will also improve the user experience. Staff
3 appears to ignore the risks associated with the do nothing
4 alternative that the Company discusses in the "risks of no
5 action" section of the whitepaper (Exhibit __ (IT-7, p.
6 243)). Risks include corporate risks with redundant work
7 efforts and unnecessary overhead costs, while also posing
8 safety and compliance risks. In addition, the Coded
9 Component Library, if not enhanced, will result in
10 increased cyber risk with obsolete technology. Since these
11 components are used in all modern web applications in IT,
12 these upgrades are essential and required so that all IT
13 systems using these components continue to function as
14 designed.

15 As the Company has already stated in its filings, this
16 project will improve operational and public safety across
17 all commodities, decrease cyber risks and help identify and
18 address hazards in a timely manner. For example, this
19 project will allow field operations to perform a thorough
20 job briefing ensuring the safety of all crew members. It
21 also strengthens data reconciliation and validation
22 processes by integrating with other work management systems
23 for data integrity.

1 **Integrated Workplace Management System Replacement**

2 Q. Please explain the Integrated Workplace Management System
3 Replacement project.

4 A. As discussed in our initial testimony (Exhibit __ (IT-7,
5 pp. 106-112)), the Integrated Workplace Management System
6 Replacement project involves transitioning from Con
7 Edison's current Integrated Workplace Management System
8 (IWMS) application to IBM's equivalent Maximo (Tririga)
9 platform. The MRI IWMS application supports key Facilities
10 and Real Estate functions, including lease administration,
11 space management and optimization, and conference room and
12 hotel seat booking. Maximo is Con Edison's existing
13 enterprise asset and work management suite and already
14 contains information about Facilities assets. Migrating to
15 the Maximo Tririga IWMS platform will enable the Company to
16 leverage this enterprise platform to provide enhanced
17 functionality for Facilities and Real Estate functions.

18 Q. Please discuss Staff's adjustments to this project.

19 A. Staff recommended a capital budget of \$1.411 million,
20 \$3.963 million, and \$4.064 million for RY1, RY2, and RY3,
21 respectively, reducing the overall request by \$4.046
22 million.

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1 Q. What was Staff's justification for its recommendations?

2 A. Staff applies its 70 percent methodology, claiming that the
3 project contains elements not essential to maintain current
4 operational standards; that there would be no cost
5 avoidance and essentially the "automation at best trades
6 one cost for another;" and that because the vendor support
7 has been lacking, that the "Company has other avenues for
8 meeting the underlying requirements articulated by the
9 project." Staff also notes that the scope is at 25%, which
10 Staff claims provides an opportunity for the Company to
11 refine the project to fit the recommended budget and also
12 that there is no evidence the benefits will outweigh the
13 costs.

14 Q. Do you agree with the Staff Panel's rationale for its
15 reduction?

16 A. No. There are many functions that the current application
17 cannot perform. For example, the current application does
18 not perform work that are must haves in today's
19 environment. The current application cannot:

- 20 • support current and future emissions
21 tracking/reporting of our owned facilities;

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- 1 • include a mobile application, for no additional cost,
2 that enables employees to book conference rooms and
3 desks;
- 4 • integrate with the current version of Outlook,
5 requiring employees to book space through two
6 applications;
- 7 • offer custom reporting, such as our space usage
8 without technical support intervention;
- 9 • directly integrate with sensor technology, which would
10 provide live data on space utilization supporting our
11 continued efforts optimizing space.

12 The critical work we do is driven by our assets. Having all
13 functions under one application will streamline asset
14 management holistically, from facility management to real
15 estate management. Moreover, the current application is
16 separately maintained, supported, and upgraded outside of
17 our IBM Maximo enterprise solution.

18 Q. Does the Company agree with Staff's claim that this project
19 will not result in cost avoidance?

20 A. Cost avoidance is not relevant to evaluating the project,
21 as cost avoidance is not the primary driver for this
22 project. Instead, the replacement of the Integrated
23 Workplace Management System application with the Maximo
24 Tririga platform is necessary to provide enhanced
25 functionality for Facilities and Real Estate Functions.

1 Q. Does the Company agree that resolving vendor support is an
2 effective alternative to the project?

3 A. No. While support from the Company's current application
4 vendor could be improved, it will not resolve data
5 collection and reporting deficiencies associated with the
6 manual process of collecting data, entering such data into
7 spreadsheets, performing calculations, manually creating
8 visualizations, and generating reports. Additionally,
9 improved functionality to monitor, track, and manage
10 building usage through occupancy and usage insights will
11 allow for the continued optimization of the real estate
12 portfolio and facilities operation, addressing the
13 Company's evolving needs.

14 Q. Staff claims that the project scope can be adjusted to fit
15 within its recommended reduction. Is this feasible?

16 A. No. Adjusting the project scope for an IWMS would lead to
17 increased total costs due to the simultaneous operation of
18 two systems. For the project to be successful, a complete
19 replacement of the legacy system is necessary. Otherwise,
20 it will result in duplicate support costs, duplicate
21 licensing, and employees having to operate in two systems.
22 In addition, using scope completion for project refinement

1 overlooks unforeseen risks and challenges, potentially
2 leading to misaligned changes.

3 **WMS Exadata Hardware Upgrade to Avoid Tech Debt**

4 Q. Please explain the WMS Exadata Hardware Upgrade To Avoid
5 Tech Debt project.

6 A. As discussed in our filing (Exhibit __ (IT-7pp, 237-241)),
7 this project replaces the aging Oracle hardware that
8 supports the Gas Central and Electric Work Management
9 systems. This request will replace the current system so
10 that we are no longer in an unsupported hardware position
11 as well as support the migration of the Maximo database
12 onto the Exadata platform to make the Maximo application
13 highly available.

14 Q. Please discuss Staff's adjustments to the program.

15 A. Staff recommended (pp. 196-198) eliminating the full
16 project budget.

17 Q. What was Staff's justification for its recommendations?

18 A. Staff bases its elimination on several factors:

- 19
- The project is insufficiently justified;
 - there is no need to immediately do this project since
20 extended support is still available; and
 - project estimates are unrefined at 25 percent scope.
21
22

1 Q. Do you agree with the Staff Panel's rationale for its
2 elimination?

3 A. No. While Oracle will continue to offer extended support
4 for the next several years, the support required is
5 overnight delivery of parts, which is not included in
6 Oracle's extended support. Not having that level of
7 support can cause extended hardware outages because the
8 extended support does not provide the same level of support
9 as the prior agreement, which allowed for failed parts to
10 delivered overnight.

11 Q. Do you agree with Staff's other rationale?

12 A. No. It is sufficiently justified: Operating systems that
13 are needed for public safety initiatives, such as the
14 electric and gas work management systems, must be fixed
15 immediately. These systems are needed for information,
16 including, for example, the time elapsed on gas leak calls.
17 Moreover, scope refinement should not affect this project.

18 **Outage Scheduling System Replacement**

19 Q. Please explain the Outage Scheduling System (OSS)
20 Replacement project.

21 A. As discussed in our initial testimony (Exhibit __ (IT-7,
22 pp. 172-175), the OSS Replacement project will address

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1 performance issues and replace the current on-premises OSS
2 Pega platform with a new product, ITOA, for outage
3 scheduling. Support for the existing system will cease in
4 Q1 2027. Additional business requirements, like
5 integrations to the New York Independent System Operators
6 (NYISO), will be included.

7 Q. Please discuss Staff's adjustments to the OSS Replacement
8 project.

9 A. Staff recommended (pp. 89-91) that the Commission delay the
10 project from the proposed start date of January 1, 2026 by
11 six months to July 1, 2026. Staff also modified the
12 Company's requested capital funding for the project from
13 \$6.081 million, \$2.025 million, and \$1.795 million for RY1-
14 RY3 respectively to \$3.041 million, \$3.545 million, and
15 \$3.315 million for RY1-RY3, respectively.

16 Q. What was Staff's justification for its recommendations?

17 A. Staff applied its 50 percent methodology, claiming that
18 there are insufficiently justified project elements. Staff
19 notes "...support for the existing system will cease in Q1
20 2027, and that the "release" of the new system would occur
21 in 2028—meaning that the Company has already considered and
22 accepted the risk of operating on the platform when support
23 ceases." Furthermore, Staff stated that it is reasonable

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1 to delay the project by six months and bases the 50 percent
2 reduction in expenditures on the half year delay.

3 Q. Do you agree with the Staff Panel's rationale for its
4 reduction?

5 A. No. Contrary to Staff's assumptions, the Company neither
6 considered nor accepted a six-month delay regarding the
7 risk of operating on obsolete technology. The OSS
8 Replacement project is planned to commence in January 2026
9 to establish on-premise application environments and
10 configure the new ITOA vendor product for Phase 1
11 implementation before the current system becomes
12 unsupported in Q1 2027.

13 Q. Why is Staff's recommendation to delay the project timeline
14 by six months unworkable?

15 A. The OSS system is essential for scheduling equipment
16 outages and must be maintained on supported technology for
17 reliable operations and to mitigate cyber risks. Starting
18 work in January 2026 is the only way that the OSS
19 application will be ready for Phase 1 production
20 implementation by Q1 2027.

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1 Q. Does the Company agree with Staff's assumption that a half-
2 year delay will result in a 50 percent reduction in capital
3 expenditures?

4 A. No. For the reasons already noted above, such a delay would
5 result in the project extending beyond the current system's
6 vendor support commitment. The costs for the work will not
7 decrease by 50 percent by delaying it six months. All the
8 work necessary for the upgrade will still need to be done.
9 In fact, it would cost more because we may have to pay for
10 more people to do it quicker.

11 **Budget System Enhancements**

12 Q. Please explain the Budget System Enhancements program.

13 A. As we discussed in our initial testimony (Exhibit __ IT-7),
14 the Budget System Enhancements program represents an
15 ongoing investment in the Company's move from the legacy
16 Hyperion Planning (HP) suite of planning and budgeting
17 applications to the newer Enterprise Planning and Budgeting
18 Cloud Service (EPBCS) technology. On-going system
19 enhancements will continue to build the link between the
20 rate case process and internal financial processes,
21 allowing more efficient updates as financial data changes
22 through settlement negotiations and eliminating nearly all
23 manual reporting processes for rate case exhibits and/or

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1 joint proposal reporting requirements. The enhancement
2 work is expected to continue through 2029.

3 Q. Please discuss Staff's adjustments to the Budget System
4 Enhancements program.

5 A. Staff recommended a capital budget of \$1.050 million for
6 RY1, decreasing the overall request by \$0.450 million over
7 the one-year period with the same adjustments made in RY2
8 and RY3.

9 Q. What was Staff's justification for its recommendations?

10 A. After noting that the Company had invested in enhancing its
11 budget system, Staff states that because it recommends
12 denying funding for the ORACLE EBS Cloud Migration project,
13 a reduction for this project is "warranted." Staff then
14 notes that the Company should strategically leverage the
15 alternatives suggested in the White Paper to not invest in
16 upgrades and enhancements and develop workarounds to
17 integrate new or updated data loads, thereby reducing the
18 scope of the program.

19 Q. Do you agree with the Staff Panel's rationale for its
20 reduction?

21 A. No. Implementing the Budget Systems Enhancements will
22 improve reporting, analysis, communications and dataflow

1 Q. Please explain the Fleet Management program.

2 A. As we discussed in our initial submission, the Company's
3 Fleet Management Program intends to migrate its existing
4 product, FleetWave, from the current on premise version to
5 the cloud-based version and provide support of the platform
6 (configuration, testing, etc) via employees. The current
7 system does not address inefficiencies, has limited
8 functionality which results in higher maintenance demands
9 via vendor requests to perform additional work. The request
10 for funding is to migrate the current version (on premise)
11 to their cloud version. The cloud-based e application will
12 provide increased security, compliance with evolving
13 regulations, data integrity, system performance, along with
14 enabling new functionality - such as real-time data access
15 and improved workflows, which will reduce manual processes.
16 The migration to a cloud platform aligns with our corporate
17 IT strategy

18 Q. Please discuss Staff's adjustments to the Fleet Management
19 Program.

20 A. Staff recommended a capital budget of \$1.465 million,
21 \$2.311 million, and \$0.105 million for RY1, RY2, and RY3,
22 respectively, decreasing the overall request by \$1.664
23 million. Staff also recommended a budget of \$0.015 million,

1 \$0.110 million, and \$0 for RY1, RY2, and RY3, respectively
2 for incremental O&M, decreasing the overall request by
3 \$0.015 million.

4 Q. What was Staff's justification for its recommendations?

5 A. Staff bases its reduction on the belief that insufficient
6 justification was provided, enhancements are not necessary
7 to maintain current operational standards, and benefits do
8 not outweigh the costs. Staff specifically calls into
9 question the benefits and concedes that staying on the
10 existing technology will cost more but claims that it will
11 cost less than moving to a new system.

12 Q. Do you agree with the Staff's rationale for its reduction?

13 A. No. Upgrading to the cloud-based version of FleetWave
14 enables core functionality, such as enhanced security,
15 dynamic data integrity, system performance, and
16 incorporation of new features such as driver and technician
17 mobile applications.

18 Q. Does migration to a cloud platform align with the corporate
19 IT strategy?

20 A. Yes. Moving to a cloud platform is in line with other major
21 enterprise-wide systems, such as the Enterprise Performance
22 Management System (EPM) and the enterprise wide internal

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1 fueling system(Gasboy). Upgrading will also improve
2 cybersecurity, as cloud-based technology offers a more
3 secure version of the software. Migrating to the newer
4 cloud-based version of FleetWave will reduce risk and
5 increase operational effectiveness, the importance of which
6 is understated by Staff.

7 Q. Are there additional benefits to migrating the platform to
8 the cloud?

9 A. Yes. The current iteration of FleetWave will become
10 increasingly difficult to benchmark with other Utility
11 Fleet peers - thus, reducing opportunities for improvement
12 through collaboration. We have discussed this with our
13 peers and most of them are using Fleetwave's cloud version
14 and work together often to enhance their use of FleetWave
15 through collaboration and promoting best practices.

16 Q. What are the impacts of continued use of the on-premises
17 platform?

18 A. Continued use of the on-premises platform will increase the
19 risk of having outdated security features and connections
20 and increase the likelihood of potential system failures as
21 the system and the overall fleet increases in size and
22 complexity. Investing in full-time support staff through
23 this program will increase Con Edison's ability to

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1 communication of operating orders between District
2 Operators at the Energy Control Center and
3 Transmission/Distribution Substations as well as
4 transferring control between the District Operators and the
5 Feeder Control Representatives at the Regional Control
6 Centers. In addition, the system provides electronic
7 communication of Field Operations Department (FOD)/No. 9
8 (emergency) orders between District Operators and the Field
9 Operating Desk and No. 9 Representatives. The Rapid
10 Restore Re-architecture project will upgrade the Rapid
11 Restore application infrastructure and system, enhancing
12 its resilience against cyber events and promoting business
13 continuity. As discussed below, this involves new
14 integrations as well as hardware, database, and operating
15 system upgrades.

16 Q. Please discuss Staff's adjustments to the Rapid Restore Re-
17 architecture project.

18 A. For capital funding, the Company requests \$3.207 million in
19 RY1, \$1.447 million in RY2, and \$0.24 million in RY3. Staff
20 recommended (pp. 236-238) denying the entire requested
21 project funding.

22 Q. What was Staff's justification for its recommendations?

1 A. Staff's denial of funding is based on their claim that
2 because the project scope is 25 percent complete, the
3 Company has not yet determined the project's business
4 objectives. Further, Staff claims that the alternative of
5 doing nothing "...will not result in a decrease in response
6 time, but rather a decrease relative to the response time
7 that the project would potentially enable." Staff also
8 claims that since the servers need to be upgraded by July
9 2027, there is no immediate need to upgrade the system.

10 Q. Do you agree with Staff's claim that the Company has not
11 yet determined the project's business objectives?

12 A. No. The project's business objectives have been defined.
13 They are: 1) Upgrade the Rapid Restore system to supported
14 technology (servers and database operating systems), and 2)
15 Implement a new integration with the Feeder Management
16 System (FMS) (which resides in a secure network) utilizing
17 new technology in the form of Data Diodes to enable secure
18 communication to the Rapid Restore system (which resides on
19 the corporate network), which will enable the continued
20 flow of information under normal and cyber event
21 conditions.

22 Q. Do you agree with Staff's claim that taking no action would
23 not result in a decrease in response time?

1 A. No. If no action is taken, the Rapid Restore system will
2 not be upgraded to supported technology (servers and
3 database operating systems), opening the system to
4 potential cybersecurity vulnerabilities, which could result
5 in this critical system being shut down. In addition,
6 manual communication will be needed during cyber events
7 when the connection from the operations network to the
8 corporate network is severed, as Rapid Restore and the
9 Feeder Management systems will no longer be able to
10 interface with each other.

11 Q. Is Staff's claim that there is no need to upgrade the
12 system now accurate?

13 A. No. The Rapid Restore servers currently operate on Windows
14 2019, which will lose Microsoft support by July 2027,
15 risking cyber vulnerabilities. Starting work in the first
16 quarter of 2026 will allow for the Rapid Restore
17 application to be ready for Phase 1 production
18 implementation before July 2027. The upgraded Rapid Restore
19 system will incorporate the latest versions of Windows
20 operating system (Windows 2022) and SQLServer database
21 (SQLServer 2022), enhancing cybersecurity compliance.

22 Q. Please explain.

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1 A. During a cyber event, the Energy Control Center will
2 disconnect from the corporate network, requiring verbal
3 communication of feeder restoration orders to supervisors
4 and field crews, which leads to delayed response times.
5 Verbal communication can introduce operator errors;
6 therefore, we must mitigate this risk by building a new
7 integration with the Feeder Management System (FMS).

8 Q. Why is this mitigation required?

9 A. The FMS system is used by the Energy Control Center to
10 communicate orders with the Rapid Restore system for
11 emergency and planned feeder restoration and repairs. This
12 new integration will facilitate secure communication
13 between FMS and Rapid Restore, improve security controls,
14 and update the Rapid Restore software. This upgraded
15 architecture will allow the interface between FMS and Rapid
16 Restore functions to operate effectively under both normal
17 and cyber event conditions.

18 **Service Line Inspection GIS Routing & Traceability**

19 Q. Please explain the Service Line Inspection GIS Routing &
20 Traceability project.

21 A. As discussed in our initial testimony (Exhibit __ (IT-7,
22 pp. 193-196)), this project supports the Gas Service Line

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1 Inspection program's mandate to inspect an average of
2 60,000 inside customer premises and 200,000 inside gas
3 meters annually. In lieu of supervisors manually reviewing
4 and assigning work locations to technicians, the system
5 will prioritize and provide the optimal routes for each
6 technician. In addition, this project will enable real time
7 visibility of technician locations, providing effective
8 redeployment of technicians to the closest work location.
9 The ability to effectively redeploy resources is essential
10 in instances where a leak is discovered and the technician
11 must remain on site until relieved by a leak responder.

12 Q. Please discuss Staff's adjustments to the Service Line
13 Inspection GIS Routing & Traceability project.

14 A. For capital, the Company requested \$2 million in each of
15 RY1 and RY2, with no funding requested in RY3. For
16 incremental O&M, the Company requested \$0.1 million in RY3.
17 Staff recommended (pp. 199) denying the requested project
18 funding for RY1, and recommended a funding level of \$1.4
19 million in RY2 and \$2.6 million in RY3. Staff recommended
20 complete removal of the incremental O&M amount.

21 Q. What was Staff's justification for its recommendations?

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1 A. Staff claims that this project is insufficiently justified
2 and that its benefits do not clearly result in quantifiable
3 cost avoidance (i.e., lower cost per inspection).

4 Q. Do you agree with the Staff Panel's rationale for its
5 reduction?

6 A. No. To be clear, cost avoidance is not the primary goal of
7 this safety-driven program. Gaining access to premises
8 continues to be a significant challenge. While this
9 project, as indicated in response to DPS-25-596, will not
10 result in direct cost avoidance or savings, the project
11 will allow for technicians to attempt more inspections per
12 day.

13 Q. Why are additional attempts a relevant benefit?

14 A. Additional attempts increase the likelihood that
15 technicians will gain access to customer premises,
16 potentially increasing the number of inspections completed
17 under the program.

18 **Fraud Data Analytics Platform**

19 Q. Please explain the Fraud Data Analytics Platform project.

20 A. As discussed in our initial testimony (Exhibit __ (IT-7,
21 pp. 90-93)), the project is to expand the fraud data
22 analytics platform in phases to enable and enhance

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1 enterprise-wide fraud monitoring and alerting across high-
2 risk business areas (i.e., employee time reporting, vendor
3 fraud, and collusion in material ordering, inventory and
4 fixed asset management). The project work will include
5 upgrading platform infrastructure and system capacities,
6 lifecycle hardware replacement, building new data
7 interfaces, and developing new software solutions.

8 Q. Please discuss Staff's adjustments to Fraud Data Analytics
9 Platform.

10 A. Staff recommended a budget of \$0.593 million, \$0.607
11 million, and \$0.62 million for RY1, RY2, and RY3,
12 respectively, for capital, decreasing the overall request
13 by \$0.675 million. Staff also recommended an incremental
14 O&M budget of \$0.175 million, \$0.015 million, and \$0
15 million for RY1, RY2, and RY3, respectively for, decreasing
16 the overall request by \$0.120 million. The recommendation
17 also includes the reduction of one FTE, commensurate with
18 the reduced project scope.

19 Q. What was Staff's justification for its recommendations?

20 A. Staff proposes a reduction to the average of historical
21 spending from 2023 to 2024 plus market inflation. Staff
22 opines that the recommended budget, based on the adjusted
23 historic average, is sufficient to maintain the platform's

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1 operations and support a steady rate of expansion.

2 Additionally, Staff believes that the Company can refine
3 the project scope to fit within the recommended budget.

4 Q. Do you agree with the Staff Panel's rationale for its
5 reduction?

6 A. No. First, using 2023 and 2024, the spending for this
7 project was not commensurate with what is expected in the
8 next several years. In fact, during 2023-2024, the project
9 experienced delays and reduced its scope of work due to
10 sourcing and procurement issues, resulting in spending that
11 reflected the reduced scope.

12 Second, the recommended reductions are inconsistent with
13 the realities of project execution, as RY1 levels are
14 decreased and a portion of RY1 is reallocated to RY2.
15 This will only change the project scope, disrupting the
16 implementation plans and delaying the realization of the
17 benefits derived from this work.

18 Third, the expansion of the fraud data analytics platform
19 and its continuous monitoring function relies heavily on
20 advanced technologies and sophisticated software
21 development. Therefore, the project's cost needs reflect
22 the cost of these advancements and current market rates,
23 not prior year(s) spending.

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1 Fourth, the Company is expected to spend \$1.4 million in
2 capital for this project in 2025.

3 Q. How do you respond to Staff's statements questioning the
4 benefits of expanding fraud risk monitoring into new areas?

5 A. Staff claims that there is no evidence indicating that the
6 benefits of doing so will outweigh the costs. It is
7 important to emphasize that the fraud data analytics
8 platform and its continuous monitoring function are
9 essential to the Company's enterprise-wide fraud risk
10 management program. Fraud data analytics provide
11 opportunities to proactively detect, deter, and prevent
12 fraud, thereby minimizing both financial and reputational
13 loss. The benefits of a risk management program should not
14 be measured solely by monetization.

15 Q. Is proactive data analysis an effective fraud control?

16 A. The Association of Certified Fraud Examiners (ACFE), the
17 world's largest anti-fraud organization, highlights in its
18 2024 "Report to the Nations" that proactive data monitoring
19 and analysis are among the most effective anti-fraud
20 controls. Organizations that employ proactive data analysis
21 techniques experience fraud that is at least 50% less
22 costly and 50% shorter in duration than those that do not
23 monitor and analyze data for signs of fraud. The ACFE

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1 estimates that organizations worldwide lose 5% of their
2 revenues to fraud, and 53% of victim organizations have not
3 recovered any of their losses due to fraud. The Company is
4 committed to proactively managing fraud risks and
5 implementing fraud data analytics enterprise-wide for the
6 benefit of our stakeholders and customers.

7 Q. Why is the Company developing its in-house FTE capabilities
8 important?

9 A. The Company has growing analytics and technical support
10 needs. The reduction of one FTE will impede our ability to
11 sustain the program and respond to these needs. In recent
12 years, the Company has relied heavily on software vendors
13 and integrators for the development and support of the
14 fraud data analytics platform and the continuous fraud risk
15 monitoring program. This initial effort provided a solid
16 foundation to establish these functions with the necessary
17 expertise and resources. However, without in-house business
18 knowledge and experience, reliance on vendors has led to
19 delayed responses, increased Company management involvement
20 and expenses, operational inefficiencies, and third-party
21 risks, particularly in sensitive customer data exposure.
22 The high costs associated with these external services,
23 along with a lack of flexibility and control over

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1 processes, have posed significant challenges. To address
2 these challenges and pursue a more sustainable long-term
3 strategy, the Company will develop and enhance its in-house
4 capabilities.

5 With this internal approach, in-house capabilities will
6 result in greater control over program development and
7 support activities, faster issue resolution, more Agile
8 data analytics that align with the Company's changing
9 business needs, and minimizing the exposure of sensitive
10 data.

11 **Tech Modernization for PEGA Applications**

12 Q. Please explain the Tech Modernization for PEGA Applications
13 project.

14 A. PEGA is a software company that focuses on customer
15 engagement and operational excellence, offering a platform
16 for business process management (BPM) and customer
17 relationship management (CRM). The PEGA Platform provides
18 tools for building applications which streamline workflows
19 and improve customer interactions. Con Edison has a
20 portfolio of three applications built on the PEGA software,
21 which support critical business functions in the Electric,
22 Gas, and Customer Operations organizations.

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1 As stated in our initial filing (Exhibit __ (IT-7)), the
2 Tech Modernization for PEGA applications project will
3 complete software upgrades and transition the Customer
4 Project Management System (CPMS), Customer Relationship
5 Management System (CRMS), and Customer Experience System
6 (CXS) applications to PEGA's cloud-based platform. The
7 project will avoid the current software reaching end-of-
8 life and simultaneously achieve benefits associated with
9 being on PEGA's cloud-based platform including improved
10 performance, scalability, security, and improved business
11 capabilities.

12 Q. Please discuss Staff's adjustments to this project.

13 A. Using its 70 percent adjustment methodology, Staff
14 recommends capital funding of \$9.263 million, \$9.263
15 million, and \$9.228 million for RY1, RY2, and RY3,
16 respectively, decreasing the overall request by \$11.896
17 million. Staff also recommends an incremental O&M amount of
18 \$298,000, \$70,000, and \$70,000 for RY1, RY2, and RY3,
19 respectively, decreasing the overall request by \$187,000.

20 Q. What was Staff's justification for its recommendations?

21 A. Staff claims that the project contains elements that are
22 not adequately justified. Staff claims the cost-benefit
23 analysis is immature, noting that the Company stated that

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1 it wants to "compare the costs and benefits of implementing
2 Pega cloud." Because the project scope completion is 25
3 percent, together with the cost benefit information, Staff
4 concludes that there is no immediate need for the project,
5 leading to uncertainty about the project's strategic value.
6 Staff notes that given the scoping stage, the project scope
7 can then be modified to fit within the new budget.

8 Q. Do you agree with the Staff Panel's rationale for its
9 reduction?

10 A. No. This project is necessary to ensure safe and reliable
11 operation of the applications, which support service to our
12 customers. Examples of critical functions supported by
13 these applications include the enrollment of customers in
14 our Life Support Equipment (LSE) program and establishing
15 new utility service for customers. The applications we aim
16 to modernize with this project run on a version of the PEGA
17 vendor software that will reach end-of-life in Q2 2027,
18 necessitating a move to the cloud. Moreover, absent any
19 action, the unsupported PEGA software would leave the
20 Company exposed to potential security vulnerabilities and
21 interruption of service for these applications.

22 Q. Please continue.

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1 A. Without this modernization project, the Company would still
2 need to make significant investments to upgrade hardware
3 and software to keep the applications operational and would
4 have to do so on a platform that would not provide the
5 strategic benefits of the "PEGA Cloud" platform,
6 highlighted in Exhibit __ (IT-7).

7 Q. Do you agree that the cost benefit analysis is immature?

8 A. Initial benchmarking indicates there is a cost benefit to
9 this project's deliverables of migrating to PEGA cloud,
10 however the financial benefits are not the primary driver
11 for this project. As discussed earlier, there are
12 operational needs to modernize these critical applications
13 to avoid their end-of-life.

14 Q. Is there an Immediate need for this project?

15 A. Yes. As mentioned above the current software and
16 infrastructure will reach end-of-life in Q2 2027, requiring
17 the Company to begin this modernization project and avoid
18 disruption in service to these applications and the
19 customer functions they support.

20 **Rate Case Enhancements**

21 Q. Please explain the Rate Case Enhancements project.

1 A. As discussed in the initial testimonies of the Demand
2 Analysis and Cost of Service Panel, the Gas Rates Panel,
3 and the Information Technology Panel (Exhibit__ (IT-7, p.
4 188)), the Rate Case Enhancement project is an Agile
5 project intended to add functionality (e.g., integrating
6 Standby billing, Gas interruptible billing, Electric
7 Vehicles ("EVs"), incentive rate design, solar, reactive
8 power billing, capacity tag billing in CUS) to the
9 Company's Customer Usage System ("CUS"). CUS is a data
10 warehouse used to centralize and summarize electric and gas
11 billing determinants necessary to report on, analyze, and
12 develop various rate structures, customer bill impacts, and
13 develop load shapes. Previous enhancements to CUS enabled
14 the Company to produce for this rate filing the bill
15 frequency reports presented in Exhibits__ (ERP-3) and (GRP-
16 4) required in Cases 22-E-0064 and 22-G-0065. There is a
17 growing population of customers with complex and evolving
18 billing structures stemming from various regulatory
19 proceedings including Standby Rates, Solar, EVs, Clean
20 Heat, and Utility Thermal Energy Networks (UTEN). Continued
21 funding for CUS will enable the Company to support the
22 growing trend of evaluating and developing new rate
23 structures that follow different models from existing rate

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1 structures without the need for additional staffing in
2 support of Commission directives.

3 Q. Does NYECC support the Company's Rate Case Enhancement
4 Project?

5 A. No. NYECC does not support (p. 17) the Rate Case
6 Enhancement project, claiming no projected direct cost
7 savings associated with the project. Further, NYECC bases
8 its opposition on an erroneous interpretation that the
9 Company "does not commit to going forward with this project
10 irrespective of whether it receives ratepayer funding for
11 it in the rate cases, and the project would be completed
12 outside the scope of any current rate plan."

13 Q. Do you agree with the NYECC's rationale for its lack of
14 support?

15 A. No. Although there are no projected direct cost savings
16 associated with this project, there are operational
17 benefits from this project.

18 Q. Please explain.

19 A. This project will increase Rate Engineering's efficiency at
20 performing certain tasks, which is critical given the
21 Company expects the level of required work to increase.

22 Q. Why is relying on existing processes an issue?

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1 A. Currently, there are no established processes to capture
2 billing determinants for emerging technologies such as EVs,
3 solar, UTEN, or other new analyses that may arise from
4 Commission proceedings and orders. As a result, these
5 efforts will depend on manual workflows that are time-
6 consuming, inefficient, and prone to error. Inaction
7 resulting from the lack of automation and structure could
8 delay the Company's ability to provide analysis required
9 for Commission decisions on rate-related options, hinder
10 progress toward a clean energy future, and reduce customer
11 satisfaction—especially for those seeking rate choices
12 aligned with their technology use (e.g., distributed energy
13 resources, clean heat, solar, and EVs).

14 **Material Management Inventory Upgrade**

15 Q. Please explain the Material Management Inventory Upgrade.

16 A. The Material Management Inventory Upgrade (Exhibit IT-7,
17 pp. 137-141 supports our operating groups through the
18 planning, procurement, and control of materials purchased
19 by the Company to provide to contractors performing work
20 for the Company. This effort makes materials available at
21 the right time, in the right quantity, and at the right
22 cost. The upgrade encompasses material planning,
23 procurement, inventory control, and distribution for

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1 streamlining the material purchasing, and storing
2 processes.

3 Q. How will the Company use the new material management
4 functionality?

5 A. For background, Material Management for contractor yards is
6 a business partnership where contractors request, receive,
7 store, and install materials for Con Edison projects. Under
8 Con Edison's Construction Department's oversight, the
9 Company manages inventory for approximately thirty
10 contractor yards, including both indoor and outdoor
11 facilities throughout the five boroughs and Westchester
12 County. This functionality will allow us to order and track
13 materials, manage logistics, maintain inventory, and
14 provide comprehensive reports associated with Con Edison
15 materials in contractor yards.

16 The Construction organization manages an annual material
17 value of approximately \$100 million and is expected to grow
18 substantially with the addition of new substations and
19 other clean energy work. The system's monitoring and
20 controls will help reduce shrinkage and potential fraud, as
21 well as modernizing the current manual ordering process.

22 The enhanced controls from this project will provide
23 transparency into on-hand inventory and trigger points for

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1 replenishing of materials. Additionally, improved data
2 collection will provide detailed and accurate material
3 inventory at contractor yards.

4 Q. Are there regulatory components to this project?

5 A. The project involves implementing a material management
6 module in the current Construction Work Management System
7 (CworX), which is based on the IBM Maximo platform. CworX,
8 a Sarbanes Oxley (SOX) system was implemented in August
9 2024 and is Construction's work management system which
10 processes payments and manages other construction related
11 functions such as planning, project tracking and execution.
12 The underlying request for a Material Inventory System is
13 recognized by the Company as a "Day 2" build of new
14 inventory functionality, meaning that it would be
15 implemented after the initial launch phase of CworX to
16 enhance the tracking, management, and optimization of
17 materials within the company's supply chain. This system
18 will ensure accurate inventory levels, reduce shrinkage,
19 and improve overall operational efficiency.

20 Q. Please discuss Staff's adjustments to the Material
21 Management Inventory Upgrade.

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1 A. Staff recommended (p. 197) denying the requested funding in
2 full, claiming that "[t]his strategic project is
3 underdeveloped and results in insubstantial avoided costs."

4 Q. Do you agree with Staff's assessment?

5 A. No. First, the Company disagrees with the characterization
6 that this project is underdeveloped. This project is a
7 "Day 2" add to the recently deployed CworX - a SOX system
8 in which over \$1.4 billion in contractor payments are
9 processed on an annual basis. The Company has developed
10 scope and implementation plan for this work. The product
11 to be used is the Company standard for Central Operations
12 and the Construction Organization. This solution integrates
13 with the Maximo platform, which in turn integrates with
14 Oracle EBS. We possess in-house expertise in deploying
15 modules within the IBM Maximo platform.

16 Q. In relation to staffing, does the Company agree with
17 Staff's recommendation to seek a more cost-effective
18 solution that 12 FTEs?

19 A. The initial analysis of 12 FTEs is for the onboarding and
20 collection of material information into the module, as well
21 as conducting a thorough assessment of the "as is process"
22 and inventory at 30 contractor yards. Once the assessment
23 and stabilization period are completed, we expect the

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1 assessment to confirm that the ratio of 1:5 FTE to
2 contractor yard management is appropriate.

3 Q. Please continue.

4 A. As discussed in the white paper, there are non-financial
5 benefits: including process optimizations and efficiencies,
6 improved transparency and visibility in material inventory
7 at contractor yards, enhanced controls in material
8 ordering, and better transparency to accurately manage
9 inventory and material requests. This will help ensure that
10 materials are available for timely work execution, enabling
11 reduction of waste, lower costs, and improved customer
12 satisfaction.

13 **V. Core Infrastructure**

14 **XM8 Telecommunications Equipment**

15 Q. Please explain XM8 Telecommunications Equipment.

16 A. As discussed in our initial testimony (Exhibit __ (IT-8)),
17 XM8 Telecommunications Equipment (XM8) manages
18 telecommunications equipment that support the Company's
19 wireless and telephone networks, enabling employees to
20 communicate and access various business systems, including
21 process management systems, monitoring and control systems.

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1 It also covers end-user customized telecom solutions and
2 upgrades to subscriber equipment.

3 Q. Please discuss Staff's adjustments to XM8.

4 A. Staff applied a five-year linear forecast in recommending
5 capital funding of \$4.691 million, \$5.146 million, and
6 \$5.601 million for RY1, RY2, and RY3, respectively,
7 decreasing the overall request by \$2.882 million.

8 Q. What was Staff's justification for its recommendations?

9 A. Staff based its reduction on the assertion that the
10 elements of the project are not sufficiently justified;
11 that the project is strategic, pointed out an apparent
12 contradiction regarding statements about cost avoidance in
13 two documents, and that the Company already has a
14 prioritized list of elements necessary to maintain current
15 operational conditions.

16 Q. Does the Company agree with using a linear average?

17 A. No. Past spending is not always reflective of what is
18 needed in the future. For example, increases in equipment
19 prices and services are not expected to be linear in the
20 next few years due to tariff increases, the expected
21 interruption in the global supply chain, and the

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1 availability of raw materials that go into the
2 manufacturing of equipment.

3 Inflation can lead to higher costs for both labor and
4 materials. For instance, the cost of specialized components
5 like semiconductor chips has been volatile, affecting the
6 prices of telecommunications equipment.

7 The increasing volume of aging telecommunications equipment
8 necessitates greater investment in end-of-life
9 replacements. This situation is driven by several factors,
10 including technological advancements that render older
11 equipment obsolete, the need for higher efficiency and
12 reliability in communication networks, and compliance with
13 safety standards.

14 Investing in new equipment provides opportunities for
15 improved performance, scalability, and integration with
16 emerging technologies.

17 In addition, advancements in technology mean that outdated
18 equipment becomes more expensive to maintain and harder to
19 integrate with new systems, necessitating upgrades.

20 All these factors must be considered when forecasting
21 future expenditures.

1 Q. Do you agree with the Staff Panel's rationale for its
2 reduction?

3 A. No. To restate/clarify the benefits of the strategic
4 elements of this project include the enhancement of mobile
5 radio systems, telephony infrastructure, dispatch console,
6 and turret systems utilized by control centers in all three
7 commodity business units during day-to-day operations and
8 during storm events and emergencies. These upgrades
9 facilitate improved communication between electric, gas,
10 and steam control centers and all operating crews,
11 providing reliable service delivery to our customers.
12 Upgrading conference room audio/video equipment with high-
13 quality systems enhances meeting connectivity. This
14 improvement in collaboration quality is crucial during
15 safety meetings and storm events.

16 Q. Why are these benefits necessary?

17 A. Updated, customized end-user telecommunications solutions
18 enhance communication clarity and reliability, which are
19 critical for the stable and safe operation of energy
20 systems. Upgrading subscriber equipment, such as modems,
21 hand-held radios, and phones, along with investing in
22 system upgrades, supports various business functions,
23 including process management for electric, gas, and steam

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1 operations, as well as monitoring and control systems.
2 Reliable telecommunications systems are essential for
3 addressing outages, mitigating risks associated with
4 inadequate communication systems, and continuous
5 operations. Additionally, robust cybersecurity measures
6 integrated into these upgrades help protect against cyber
7 threats.

8 Further, for customers, these upgrades translate into fewer
9 service interruptions, enhanced response times during
10 emergencies, and overall improved service quality.

11 Q. Please continue.

12 A. These enhancements enable precise and efficient
13 collaboration during safety meetings, emergency responses,
14 and storm restoration.

15 Q. Are Staff's reductions on the basis of expected cost
16 avoidance warranted?

17 A. No. To be clear, replacing end-of-life equipment will not
18 result in a net cost avoidance. As noted above, the major
19 project benefits are realized from replacing end-of-life
20 equipment.

21 **XM10**

22 Q. Please explain XM10.

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1 A. As discussed in our initial testimony (Exhibit __ (IT-8,
2 pp. 43-48)), XM10 enhances the core computing
3 infrastructure that underpin reliable and resilient
4 operations across data centers, networks, and end-user
5 environments. This includes replacing outdated computing
6 equipment, such as servers, storage systems, switches, and
7 routers, and expanding capacity to support emerging
8 application systems and growing operational demands.
9 Further, XM10 promotes full lifecycle management of end-
10 user devices, including desktops, laptops, tablets, mobile
11 data terminals, and printers, along with the infrastructure
12 that supports them. Together, these efforts strengthen the
13 organization's ability to deliver secure, scalable, and
14 efficient technology services.

15 Q. Please discuss Staff's adjustments to XM10.

16 A. Staff used its five-year linear forecast to recommend a
17 capital budget of \$22.723 million, \$24.469 million, and
18 \$26.576 million for RY1, RY2, and RY3, respectively,
19 decreasing the overall request by \$16.22 million.

20 Q. What was Staff's justification for its recommendations?

21 A. Staff claims (pp. 119-124) that other recommended
22 reductions to data center budgets and the cancelling of

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1 other initiatives that would otherwise result in increased
2 data growth warrants a reduction to the project budget.
3 Further, Staff claims that the reduction in FTEs
4 recommended by Staff results in a reduced need for
5 equipment (e.g., less desktops, tablets, laptops, field
6 devices, and printers). Staff also categorizes certain
7 equipment as not being operationally required and,
8 therefore, a basis for reducing the project budget. Staff
9 also claims that the Company does not explain the need for
10 10,000 new and more modern devices.

11 Q. Do you agree with the Staff Panel's rationale for its
12 reduction?

13 A. No. XM10 is vital for the Company's ability to maintain,
14 protect, and enhance its IT infrastructure. The proposed
15 capital budget increase and its associated strategic
16 investments are essential to fulfilling the Company's
17 obligation to maintain a secure, adaptable, and
18 operationally efficient IT environment. These investments
19 are not discretionary; they are required for compliance
20 with cybersecurity standards, to support evolving
21 operational demands, and maintain the reliability of
22 critical infrastructure systems. The linear forecast
23 methodology used to recommend a reduction in the RY1

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1 through RY3 capital budget does not correctly reflect the
2 realities of infrastructure planning. Staff's rationale
3 overlooks the significant and non-linear increases in costs
4 driven by cybersecurity requirements to address external
5 cyber threats to our computer infrastructures as well as
6 price increases year over year and tariffs applied to the
7 majority of our systems purchased. Cyber threats are
8 constantly evolving to exploit new and unknown
9 vulnerabilities which can only be addressed by patching of
10 systems and their refresh/replacement which require new
11 hardware standards to accept these security updates. This
12 trend is expected to continue as the Company expands its
13 capacity and infrastructure to support business and service
14 delivery applications and operational demands for our
15 external customers, such as the expansion of EGIS and AMI.
16 The investments in these expansions are necessary to
17 support organic growth of daily operations as well as
18 planned and unplanned initiatives. These forward-looking
19 investments are essential to keep the Company's IT
20 infrastructure secure, scalable, and resilient.

21 Q. Do you agree with Staff's rationale that project element
22 categorization warrants their recommended reductions?

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1 A. No. While some equipment may be categorized as
2 "strategic," failure to implement these elements would
3 directly impact operational reliability, especially in
4 field operations and emergency response.

5 Q. Please explain.

6 A. XM10 is the backbone of the Company's computing systems,
7 funding all IT equipment for data centers, co-location
8 facilities, and end-user computing, making it essential for
9 operational continuity and cyber protection. It supports
10 critical infrastructure across computing, networking,
11 facilities, and data management, providing reliable access
12 to systems for all employees – office, field, or remote
13 (including but not limited to AMI, Work Management Systems,
14 and Outage Management Systems). Application upgrades, end-
15 of-life/support, and cybersecurity demands are driving the
16 need for device refreshes, not discretionary upgrades. The
17 lifecycle of devices is in a constant state of refresh. As
18 applications are upgraded, security threat identification
19 and performance capacities increase.

20 Unsupported hardware and software no longer receive
21 critical security patches, leaving systems exposed to zero-
22 day exploits, malware, and other advanced threats. As
23 vendors phase out support, even routine updates can break

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1 compatibility, forcing premature obsolescence of otherwise
2 functional equipment. For example, Windows 11 cannot run on
3 older desktop/laptop hardware lacking compatible TPM chips,
4 making those systems ineligible for future updates. This
5 not only increases the attack surface but also undermines
6 compliance with security standards.

7 Q. Why is this project required now?

8 A. Operationally, legacy systems become a liability if they
9 are unable to meet the performance demands of applications,
10 slowing down workflows, increasing downtime, and straining
11 IT resources. Departments across the organization
12 increasingly rely on resource-intensive software for their
13 daily operations, such as Work Management System (WMS).
14 These applications demand higher computing power, memory,
15 and graphics capabilities than legacy systems can provide.
16 The life cycle of a system coincides with the vendor
17 provided support (hardware and software patches released on
18 a regular basis). These systems are in a constant state of
19 refresh for the entire internal customer base (office and
20 field employees). Without timely upgrades, users experience
21 degraded performance, longer processing times, and reduced
22 productivity. Refreshed hardware is essential not only for
23 compatibility with evolving software platforms but also for

1 enabling advanced features that streamline workflows and
2 support future innovation.

3 Q. What other areas would Staff's recommended budget impact?

4 A. The inability to procure refreshed devices also impacts
5 onboarding. Without sufficient funding to replace outdated
6 equipment, newly hired employees will not receive
7 functional devices on day one that are required to perform
8 their function, delaying their integration and reducing
9 early productivity to access critical and required systems.
10 Ensuring that new hires receive fully functional devices on
11 day one is critical to onboarding success and operational
12 readiness.

13 **CCTN**

14 Q. Please explain the CCTN program.

15 A. As we discussed in our initial testimony regarding the CCTN
16 program (Exhibit __ (IT-8, pp. 1-8)), the Corporate
17 Communication Transmission Network (CCTN), a high-speed
18 telecommunications infrastructure, provides essential
19 communication services for the safe and reliable operation
20 of the Company's substations, Energy Control Centers, and
21 data centers. CCTN supports critical operational functions
22 such as Supervisory Control and Data Acquisition (SCADA)

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1 systems, substation feeder protection, data management,
2 voice and wireless communications, and operational
3 communication across substations, energy control centers,
4 data centers, and corporate facilities. This program will,
5 among other things, upgrade aging outside plant fiber
6 cables, install new fiber optic cables to establish network
7 connectivity at previously unserved sites, upgrade network
8 equipment at end-of-life and/or end-of-support conditions,
9 and modernize the network.

10 Q. Please discuss Staff's adjustments to the CCTN program.

11 A. Staff recommended a budget of \$11.899 million, \$12.406
12 million, and \$12.912 million for RY1, RY2, and RY3,
13 respectively, thereby decreasing the overall request by
14 \$22.783 million.

15 Q. What was Staff's justification for its recommendations?

16 A. Staff used a five-year linear forecast of historical
17 spending, averaging approximately \$10.9 million annually
18 (adjusted for inflation) between 2020 and 2024 to develop
19 its adjustment. Staff considers the budget to be
20 insufficiently justified and notes that although some
21 infrastructure is aging, it is functioning and meeting
22 critical service needs without failure.

1 Q. Do you agree with the Staff Panel's rationale for its
2 reduction?

3 A. No. The Company's proposed \$20 million annually spend will
4 address operational needs, infrastructure lifecycle
5 requirements, and network modernization. Staff's theory
6 that the equipment is still operating and therefore will
7 continue to operate over the next several years may hold
8 true for some equipment, but other equipment will likely
9 fail. The Company cannot ignore the system age and hope
10 that all the equipment will continue to operate
11 indefinitely.

12 Q. Please explain.

13 A. This project is intended to maintain service and slightly
14 grow the existing CCTN system. Several systems have
15 already reached end-of-life, and they must be replaced
16 based on the risk to long-term network reliability and
17 supportability. Additionally, the scope and complexity of
18 the planned projects, such as replacing aging outside plant
19 fiber cables, upgrading end-of-life network systems, and
20 expanding capacity to meet evolving operational demands—are
21 driven by the need to maintain service reliability and
22 operational effectiveness. Additionally, these systems are
23 seeing increased volumes of day-to-day transactions, from

1 for example, AMI, SCADA and Corporate Data. This growth in
2 demand places a strain on the network, increasing the need
3 for replacement and upgrade. While the upgraded
4 infrastructure may also support future capabilities, the
5 primary purpose of the investment is to meet existing
6 operational requirements and avoid service disruptions.

7 Q. Why is it necessary to upgrade the Company's aging outside
8 plant fiber cable?

9 A. A significant portion of the Company's outside plant fiber
10 cable is approximately 30 to 40 years old and is showing
11 signs of age-related degradation, which will impact long-
12 term reliability if not addressed proactively. Our fiber
13 cables have undergone multiple repairs and splices due to
14 aging (installed in the late 1980s) and harsh environmental
15 conditions. These splices have left us in some cases with
16 no spare strands left, making replacement essential.

17 Q. Why is long-term reliability of CCTN a concern?

18 A. Because this equipment supports SCADA, feeder protection,
19 and data center operations, a failure of this
20 infrastructure could result in the ECC losing visibility
21 into critical feeder monitoring at substations. Inability
22 to monitor feeders at substations may lead to unplanned
23 outages and delays in executing SCADA functions such as

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1 remote switching, fault isolation, and load restoration.
2 Loss of visibility significantly impacts outage response
3 times. Such delays can hinder timely restoration efforts
4 and pose public safety risks, especially during emergency
5 response situations.

6 Q. Staff claims (p. 127) that there is "no evidence suggesting
7 that the benefits arising [from this program] will outweigh
8 the costs." Do you agree?

9 A. No. As we have noted this is foundational equipment that
10 upon failure can cause, among other things, a lack of
11 visibility at the ECC to monitor equipment, resulting in
12 public safety risks. There is a significant risk of
13 equipment failure if it remains in its current condition.

14 Q. Does the existing fiber infrastructure have capacity to
15 support continuous growth in network demands?

16 A. No. The existing fiber infrastructure does not have
17 sufficient capacity to support continuous growth in the
18 network demand. This growth is driven by expanding
19 operational requirements across the system, including
20 increased connectivity needs resulting from new substation
21 developments and other infrastructure enhancements. As more
22 systems and field assets require real-time data exchange
23 and monitoring, the demand for high-speed, reliable

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1 communications continues to rise. Proactively replacing
2 aging fiber helps ensure continued network performance and
3 scalability, while also avoiding the risk of unplanned
4 service disruptions that could impact critical operations.
5 This work is part of the Company's lifecycle-based
6 infrastructure strategy and is necessary to maintain
7 operational continuity.

8 Q. Why is it necessary to replace the Company's Synchronous
9 Optical Networking (SONET) and Dense Wavelength Division
10 Multiplexing (DWDM) infrastructure now, even though these
11 systems are still operational, and the network is currently
12 meeting critical service needs?

13 A. While the current communications network continues to
14 support essential operations, its long-term performance and
15 scalability are challenged by aging infrastructure and end-
16 of-life equipment. The legacy SONET and DWDM systems are no
17 longer supported by vendors, and replacement parts are
18 becoming scarce or unavailable.

19 **Technology Modernization - Applications and Infrastructure**

20 Q. Please explain the Technology Modernization - Applications
21 and Infrastructure program.

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1 A. As described in our filing (Exhibit ___ (IT-8, pp. 43-48 -
2 Infrastructure Technology Modernization) and (pp. 49-52
3 (CECONY Technology Modernization - Applications)), the
4 Technology Modernization Program - Applications and
5 Infrastructure is a consolidated program, consisting of two
6 white papers.

7 The Infrastructure Technology Modernization program focuses
8 on modernizing Con Edison's IT infrastructure, making it
9 more efficient, and resilient. This program will upgrade
10 data centers, expand cloud and colocation capabilities, and
11 introduce automation through AI-powered tools and
12 practices, like Site Reliability Engineering (SRE). The
13 initiative also focuses on improving the employee
14 experience through a redesigned IT service portal and
15 streamlined digital workflows. These efforts support
16 operational excellence, cybersecurity resilience, and
17 future scalability.

18 The CECONY Technology Modernization - Applications program
19 does similar work as the prior program, but focuses on
20 applications itself (i.e., Operating System, Database,
21 Programming language)s Our plan requires modernizing or
22 replacing over 165 business-critical applications and

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1 performing security hardening on more than 90 high-risk
2 applications.

3 Q. What are business critical applications?

4 A. Business-critical applications are those that directly
5 enable core operational, regulatory, or customer-facing
6 functions, where failure would result in significant
7 disruption or compliance risk. For example, OMS and AMI are
8 considered business critical applications.

9 Q. What are high risk applications?

10 A. High-risk applications are applications that are needed to
11 function but face higher levels of risk, such as lack of
12 vendor support, known security gaps, integration fragility,
13 and the inability to meet current performance or compliance
14 standards. These applications were identified through a
15 structured evaluation process that considered their role in
16 supporting essential business operations, their exposure to
17 cybersecurity vulnerabilities, and their dependency on
18 outdated or unsupported technologies.

19 Q. How did Staff handle the two projects?

20 A. Staff discussed them together as one project.

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1 Q. Please discuss Staff's adjustments to the two projects
2 called Technology Modernization - Applications and
3 Infrastructure.

4 A. Inflating the average historical spending to 2026 dollars,
5 Staff recommended capital funding of \$22.408 million,
6 \$22.946 million, and \$23.451 million for RY1, RY2, and RY3,
7 respectively, decreasing the overall request by \$45.525
8 million. In addition, Staff recommended a reduction on the
9 incremental O&M request of \$6.82 million, 1.983 million and
10 \$.750 million for RY1, RY2 and RY3, decreasing the overall
11 request by \$7.789 million.

12 Q. What was Staff's rationale for its adjustment?

13 A. Staff claims (pp. 136-138) that there is insufficient
14 justification for these two projects; that they are
15 strategic, not operational, and that the benefits do not
16 outweigh the costs. Staff also comments that the Company
17 notes that there will be \$2 million in cost avoidance,
18 which Staff claims is insignificant given the amounts
19 associated with the program.

20 Q. Did any other party recommend adjustments to this program?

21 A. Yes, NYECC recommends rejecting the Company's funding
22 request in full.

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1 Q. What was Staff's justification for its recommendations?

2 A. Staff claims that both projects contain insufficiently
3 justified project elements.

4 For both projects, Staff claims that they are strategic
5 work and that there is no evidence indicating that the
6 benefits will outweigh the costs.

7 Q. What was NYECC's justification for the adjustments?

8 A. NYECC argues, in essence, that the status quo is acceptable
9 and that the requested investments are unnecessary.

10 Q. Do you agree with the Staff Panel's and NYECC's rationales
11 for their proposed reductions?

12 A. No. These two initiatives will modernize both
13 infrastructure and applications. The work may be different
14 on each infrastructure component or application but the aim
15 in the end is the same - a more modern system.

16 Q. Is the use of an inflation adjusted historical average for
17 these programs appropriate?

18 A. No. The prior spending for these programs involved a more
19 limited scope. For example, on the infrastructure side, the
20 scope has evolved to address emerging operational needs,
21 including transitions to colocation data centers to address

1 space and reliability constraints, and implementing Site
2 Reliability Engineering (SRE) to automate and stabilize
3 infrastructure operations, For applications, a new element
4 has been introduced to emphasize application security, such
5 as proactively scanning and remediating application code
6 vulnerabilities, which was not previously included in this
7 program. These initiatives represent a significant
8 expansion in scope when compared to prior years, making
9 historical capital spending an unsuitable basis for
10 determining current funding needs.

11 Q. Please comment on the strategic versus operational issues
12 for these projects.

13 A. While some elements of these programs may appear strategic,
14 most are operationally required. For example, on the
15 infrastructure side, the move to colocation data centers is
16 not just a strategic shift, it is operationally necessary
17 due to space constraints and the decommissioning of aging
18 facilities. Similarly, application modernization is
19 required to maintain compatibility with evolving technology
20 and business requirements, as applications must be
21 regularly updated to ensure performance, security, and
22 integration with newer systems and platforms.

1 Q. Please comment on Staff's statement that the cost avoidance
2 is insufficient.

3 A. The driver of these two projects is properly maintaining
4 infrastructure and applications, not cost avoidance. The
5 level of cost avoidance is not relevant to the need for
6 either project. It is important to note that nowhere does
7 Staff say that the project is unnecessary or that
8 modernization is not needed.

9 **ServiceNow Platform Expansion**

10 Q. Please explain the ServiceNow Platform Expansion.

11 A. As discussed in our initial testimony (Exhibit __ (IT-8-
12 Upd)), the ServiceNow Platform Expansion will fix existing
13 gaps in the platform's asset tracking and IT operations.
14 Service Now is the platform the Company uses for IT
15 incident tracking, change management, and asset
16 configuration. We are upgrading to the next version of
17 Service Now to assist in asset management, compliance,
18 automation, contract workflows, and project portfolio
19 management.

20 Q. Please discuss Staff's adjustments to the ServiceNow
21 Platform Expansion.

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1 A. Applying its 70 percent adjustment methodology, Staff
2 recommended a capital budget of \$1.219 million, \$5.074
3 million, and \$4.090 million for RY1, RY2, and RY3,
4 respectively, decreasing the overall request by \$4.451
5 million. Staff recommended an incremental O&M budget of
6 \$.338 million, \$.664 million, and \$.552 million for RY1,
7 RY2, and RY3, respectively, decreasing the overall request
8 by \$.150 million, including a reduction of two FTE's.

9 Q. What was Staff's justification for its recommendations?

10 A. Staff claims that the project has elements unnecessary to
11 maintain operations standards, that the project is the
12 benefits will outweigh the costs, that there are no avoided
13 costs and there are alternatives to the project, including
14 maintaining existing practices and processes.

15 Q. Do you agree with the Staff Panel's rationale for its
16 reduction?

17 A. No. Staff's argument that the ServiceNow Platform Expansion
18 contains elements unnecessary to maintain continued
19 operational standards misses the point of the project. The
20 requested funding includes costs for licenses and
21 implementation for the Software Asset Management module
22 which will provide centralized software deployment and

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1 license tracking. If not implemented, there is increased
2 risk of software compliance and financial costs arising
3 from lack of compliance. That is, employees may be using
4 software for which the Company does not properly have a
5 license. Having proper licenses is necessary to maintain
6 operational standards.

7 The project will also add the IT Operations Module (ITOM),
8 providing the Company with a single event management tool
9 and moving away from disparate systems and manual
10 processes. This module will cover events such as servers,
11 network devices being down; security breaches for
12 unauthorized access to the network, to application
13 performance issues. It will automate, categorize and
14 prioritize events, allowing teams to focus on the most
15 critical incidents. For example, regarding customer service
16 incidents, the module allows for faster resolution and
17 minimizing disruptions to our customers. Similarly, this
18 module provides the ability to proactively create
19 vulnerability tickets for servers and applications, meaning
20 that we are not just waiting for incidents to occur; we are
21 actively managing and reducing our risk exposure when the
22 operational teams remediate the vulnerabilities.

23 Q. Please discuss Staff's avoided cost argument.

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1 A. As explained earlier, not every project will have an
2 avoided cost. Cost savings do not drive the projects that
3 we do. This project will save potential issues by
4 confirming software licenses and allowing the Company to
5 better address incidents.

6 Q. Do the benefits of the project outweigh the costs?

7 A. They may. But this project is being undertaken to improve
8 our abilities.

9 Q. Staff claims that there are alternatives to undertaking
10 this project. Please comment on this position.

11 A. Essentially, Staff's position is to continue the existing
12 process as is. Continuing a manual process will slow
13 incident response time and leave the Company vulnerable to
14 licensing issues. These are functions that can and should
15 be addressed.

16 **Data Center and LAN Infrastructure Improvements**

17 Q. Please explain the Data Center and LAN Infrastructure
18 Improvements project.

19 A. As discussed in our initial testimony (Exhibit __ (IT-8)),
20 Data Center and LAN Infrastructure Improvements invests in
21 the existing physical IT infrastructure of our data
22 centers, and satellite locations where computing systems

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1 infrastructure is located. This program includes
2 investments for cooling, power, control, monitoring and
3 cabling for IT infrastructure. We must maintain the
4 availability and reliability of the critical applications
5 and communications that the Company relies upon. This
6 program continues efforts to reduce the risks associated
7 with aging components by updating and securing current data
8 center equipment and systems.

9 Q. Please discuss Staff's adjustments to project Data Center
10 and LAN Infrastructure Improvements.

11 A. Staff recommended (pp. 130-131) a budget of \$3.339 million,
12 \$9.205 million, and \$11.165 million for RY1, RY2, and RY3,
13 respectively, decreasing the Company's overall request by
14 \$10.161 million.

15 Q. What was Staff's justification for its recommendations?

16 A. Staff reduces the request to 70 percent, noting that the
17 project is strategic, that it is not necessary to maintain
18 operational standards, there is no evidence to suggest that
19 the benefits will outweigh the costs, and the need to
20 realign this project with the cuts recommended to the
21 related Control Resiliency Phase 2 project, AMI

1 Sustainability project, and the denial of the Transforming
2 Outage Management with Advanced AMI Integrations.

3 Q. Do you agree with the Staff Panel's rationale for its
4 reduction?

5 A. No. Strategic improvements in data center infrastructure,
6 such as upgrading cooling, power, control, monitoring, and
7 cabling systems, are essential for maintaining the
8 reliability and availability of critical applications and
9 communications. These enhancements mitigate risks
10 associated with aging components, support critical systems
11 used for energy delivery, and reduce errors, improving
12 operational efficiency.

13 Q. How will strategic improvements in this project benefit
14 operations?

15 A. Strategic investments in this project will benefit
16 operations in several key ways:

17 • Redundancy and Upgrades: Strategic elements of the
18 project are required to sustain current operational
19 standards. For example, implementing HVAC redundancy
20 provides continuous cooling even if one system fails.
21 For instance, one of our data centers invested in a
22 new chiller with a portable hookup and HVAC
23 redundancy, enhancing its cooling capabilities. This
24 data center contains the Company mainframe and the

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1 back-up broadband connectivity to the internet and all
2 cloud-based applications including internal and
3 external facing. A loss of HVAC will necessitate a
4 costly and disruptive disaster recovery exercise and
5 potential downtime to those critical systems. The
6 absence of redundancy in critical systems markedly
7 elevates the risk of failures, which can result in
8 extended downtime and substantial operational
9 disruptions. This highlights the essential need for
10 integrating redundancy as a strategic element.

- 11 • Networked Building Management Systems (BMS): These
12 systems allow for better monitoring and control of
13 HVAC systems, helping detect issues early and
14 providing timely responses to maintain optimal ambient
15 conditions. Modern BMS include cybersecurity measures,
16 such as network management cards, software updates,
17 and firewalls to protect these systems from
18 unauthorized access and cyber threats.
- 19 • Environmental Monitoring: This supplements BMS by
20 providing data on temperature and humidity levels,
21 crucial for maintaining HVAC system performance.
22 Secure sensor networks, regular vulnerability
23 assessments, and data encryption ensure the security
24 and integrity of environmental monitoring data.
- 25 • Precision Cooling: Data centers require precision
26 cooling systems to handle high heat densities,
27 maintaining consistent temperature, humidity, air
28 movement, and air cleanliness to prevent equipment
29 failures and costly downtime.
- 30 • Power Distribution and Redundancy: Reliable power
31 distribution through fully redundant systems, such as

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1 IT Room UPS and rack power distribution systems,
2 supplies continuous power to critical equipment.

- 3 • Incident Response and Monitoring: UPS systems equipped
4 with monitoring capabilities send alarms and
5 temperature data to the Network Operations Center
6 (NOC), helping to identify and address issues before
7 they escalate - thus avoiding downtime of critical
8 systems hosted in the data centers.

9 These benefits are not "nice to haves." They are essential
10 to the proper functioning of modern data centers and
11 illustrate how strategic improvements can enhance
12 reliability, efficiency, resilience, and cybersecurity,
13 preventing downtime and reducing maintenance expenses.

14 If the backbone for operating computing systems in a
15 facility is not properly working, it will affect operations
16 by causing downtime to critical systems housed in the
17 facility.

18 Q. What risks arise if these improvements are delayed?

19 A. Delaying these improvements will lead to increased risk of
20 system failures, downtime, and operational inefficiencies.
21 Aging components are more prone to breakdowns, which can
22 disrupt critical operations and applications including, for
23 example, CC&B, AMI, and OMS, subsequently resulting in
24 repairs and outages. Additionally, postponing upgrades can

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1 hinder the ability to support new technologies and
2 applications, reducing overall agility.

3 Q. Is reducing the scope of this project an effective
4 strategy?

5 A. No. Breaking up the work into smaller, disjointed projects
6 can impact project synergies and increase overall costs in
7 the long term. For example, there are synergies in
8 executing remediation projects together. For example, two
9 data centers at the same location require similar upgrades
10 to their power and cooling systems. Upgrading the two data
11 centers at the same location simultaneously can leverage
12 project synergies, reducing overall costs and improving
13 efficiency. Fragmenting these projects would forfeit these
14 synergies, leading to higher individual project costs and
15 inefficiencies. Additionally, spreading out the work can
16 result in repeated mobilization costs, prolonged project
17 timelines, and increased complexity in project management,
18 ultimately increasing the overall cost.

19 Q. Please comment on Staff's statement that this adjustment
20 also reflects reductions to other projects.

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1 A. As noted herein, the Company does not agree with these
2 other adjustments and therefore costs associated with those
3 programs should not be additive to this project.

4 **Enterprise Architecture Modernization**

5 Q. Please explain Enterprise Architecture Modernization.

6 A. The Enterprise Architecture Modernization project is a two-
7 prong project intended to provide both IT and users with
8 information, including current technology status, as well
9 as to help IT and users understand architecture
10 requirements when implementing projects. Currently, if a
11 user group suggests implementing a technology, Enterprise
12 Architecture (the Company organization responsible for
13 determining how projects are architected and designed)
14 manually reviews each suggested technology and advise users
15 on acceptability or obsolescence. The Company employs
16 almost 800 products, and Enterprise Architecture reviews
17 80-100 suggested products annually. This project will
18 automate the review and provide users with this
19 information, including providing proactive blueprints and
20 frameworks for IT and users to understand technology and
21 obsolescence of tools.

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1 These products will continue the Company's progress toward
2 an enterprise technology view as well as using consistent
3 technology when developing and implementing new use cases.

4 Q. What are the key benefits of proceeding with the full
5 project scope?

6 A. Implementing a standardized architecture framework and
7 complimenting governance processes provides secure,
8 efficient, and consistent technology adoption. It will help
9 the Company better understand the existing technology debt
10 and make it available to IT and users, so there is a
11 common, overall understanding of the technology before its
12 even suggested. These improvements directly support cyber
13 resilience, operational excellence, and compliance with
14 industry standards.

15 Q. Please discuss Staff's adjustments to Enterprise
16 Architecture Modernization.

17 A. Staff recommended (pp. 251-253) reducing the capital
18 request by \$424,000 over three years, suggesting capital
19 budgets at \$448,000 for RY1, \$459,000 for RY2, and \$469,000
20 for RY3. For incremental O&M, Staff reduced the total
21 request by \$177,000, recommending incremental O&M budgets
22 of \$234,000 for RY1, \$182,000 for RY2, and \$156,000 for
23 RY3.

1 Q. What was Staff's explanation for this adjustment?

2 A. Staff's reductions, which were calculated by inflating the
3 average of historical spending to 2026 dollars, reflect
4 three arguments. First, that as an alternative, the Company
5 noted that the Enterprise Architecture group could remain
6 at the current size, thereby not undertaking the work.
7 Second, the project is already 50 percent complete. Third,
8 based on its reductions to new initiatives and the
9 Company's ability to adjust the project scope, Staff
10 concluded that the project could be completed within a
11 lower budget without impacting essential objectives.

12 Q. Do you agree with the Staff Panel's rationale?

13 A. No. Users should have the upfront ability to understand the
14 Company's position on potential project technology. Our
15 current efforts only result in manual reviews of about 15
16 percent of the technology being used or considered. Using
17 automation, the constantly changing database will be
18 increased and updated, keeping users up to date on
19 technology.

20 Keeping the same level of staff without automation will
21 continue the current dynamic, which potentially creates
22 blind spots to the current versions of products in use.

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1 A. As discussed in our initial testimony (Exhibit __ (IT-9,
2 pp. 19-32)), the **Customer Data and Analytics** program is
3 designed to centralize and enhance the use of customer data
4 to improve service delivery, enhance operational
5 efficiency, and support the clean energy transition. It
6 connects disparate customer data sources to identify
7 patterns and predict customer needs, enabling more
8 personalized and proactive engagement. The program will
9 deliver enterprise-wide data products like Customer360,
10 support advanced analytics use cases (e.g., call volume
11 forecasting, arrears prediction, fraud detection), and
12 empower teams across departments with self-service
13 analytics tools.

14 Q. Please discuss Staff's recommendations with respect to the
15 Customer Data and Analytics program budget.

16 A. Staff recommends (p. 183) reducing the Company's proposed
17 capital budgets for this program from \$10.171 million to
18 \$8.638 million in RY1, from \$13.561 million to \$8.845
19 million in RY2, and from \$12.205 million to \$9.040 million
20 in RY3. Overall, this is a \$9.414 million reduction over
21 the three-year period.
22 For the project's O&M budget, Staff recommended reducing
23 the Company's request for \$1.094 million in incremental O&M
24 funding in RY1 to \$977,000; the Company's request for an

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1 incremental \$1.459 million in O&M funding in RY2 to
2 \$952,000; and the Company's request for an incremental
3 \$1.148 million in RY3 to \$850,000. Overall, this represents
4 a reduction of \$1.663 million in incremental O&M funding.
5 These budget reductions were based on inflating the average
6 of historical spending to 2026 dollars and reducing O&M by
7 the same percentage as the capital expenditures.

8 Q. What was Staff's justification for its recommendations?

9 A. Staff argued that the project lacked cost-benefit
10 justification and that it overlapped with other projects,
11 like Back Office Automation and DCX. Furthermore, Staff
12 contended that, due to the program's Agile framework, the
13 Company could reduce the project scope to fit within
14 Staff's recommended budget.

15 Q. Do you agree with Staff's rationale for its recommendation?

16 A. No. This work has clear program benefits. Further, the
17 Company disagrees with Staff's budget reduction
18 methodology.

19 Q. Why does the Company disagree with the budget reduction
20 methodology?

21 A. Staff's use of a reduction based on prior years spending
22 does not consider the different stages of the data and
23 analytics projects. The historic years used (2020-2024)
24 encompass two distinct stages of the program. During the

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1 program's initial phase (2020-2022), the Company was
2 implementing the program, spending funding on setup costs
3 and foundational use cases. Following this initial phase,
4 the Company moved into the operational phase. Thus, the
5 2023-2024 historic spending more accurately represents the
6 funding levels needed to support the program than the
7 Company's spending for 2020-2022. Moreover, the Company's
8 2025 spending forecast and its 2026-2028 request is in line
9 with the 2023-2024 levels. Consequently, the adjustment
10 should rely on only the 2023-2024 historic spending years.

11 Q. What are the benefits that further justify this program?

12 A. The benefits of the Customer Data and Analytics program are
13 driven by two general outputs from its scope: (1)
14 centralizing and standardizing data into data products and
15 (2) delivery of analytics use cases.

16 Q. What are the benefits from centralizing and standardizing
17 data into data products?

18 A. The creation of reusable data products by integrating data
19 sources, modeling data into business terms, and
20 standardizing shared definitions streamlines the analysis
21 process and improves the quality of data needed for
22 decisions within Customer Operations. The program's current
23 data product supported 243,000 data queries in 2024 at an
24 estimated cost avoidance of \$1.68 million. In Q1 2025

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1 alone, there were 266,000 queries executed, with an
2 estimated \$1.85 million of cost avoidance. Details on this
3 update for 2025 can be found in the Company's Q1 2025
4 Strategic Customer Experience Report.

5 Q. Please explain the types of benefits that analytics use
6 cases provide. Explain how many use cases the Company
7 delivered in 2024 and provide an example.

8 A. Analytics use cases provide financial and non-financial
9 benefits to the Company, its employees, and its customers.
10 The program delivered 105 analytics use cases in 2024, many
11 of which the Company discussed in the program's quarterly
12 Strategic Customer Experience Reports. For example, a use
13 case delivered in 2024 yielded an 11 percent reduction of
14 call handle time for certain high bill calls. The Company
15 achieved this successful result by identifying high bill
16 calls and the average handle time for these calls, using
17 this analysis to identify specific employees in need of
18 improvement, and partnering with the Contact Center's
19 training team on a custom training.

20 Q. Are there any operational benefits?

21 A. As the program has grown, its data and analytics use cases
22 continue to become integrated into daily operations.
23 Examples of how the program's impacts operational
24 activities include:

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- 1 • The program's data products include self-service
2 analytics, allowing internal stakeholders to create their
3 own analytics. This has been especially beneficial to the
4 Outage Communications and CDG programs, which use the
5 Customer Analytic Record for reporting and analysis.
- 6 • The Company uses credit and collections dashboards and a
7 machine learning model daily to monitor customer arrears,
8 improve field collections measurement and planning, and
9 introduce new forms of customer communications.
- 10 • New tools and reporting provide contact center management
11 insight into required staffing levels, allowing them to
12 evaluate current and historical call metrics and engage
13 employees about their call performance in new ways.
- 14 • Views into new case creation, initial customer
15 interactions post case creation, case status tracking,
16 escalations, and backlog management enable managers to
17 prioritize work, summarize customer information, and
18 evaluate which customers were contacted.

19 Q. Is there overlap between the Customer Data and Analytics
20 program and the Back Office Automation program?

21 A. No. Back Office Automation focuses on automating repetitive
22 manual tasks via Robotic Process Automation (RPAs).

23 Conversely, the Customer Data and Analytics program focuses
24 on reporting and analytics. It does not perform any back
25 office work, except reporting. The back office work
26 management tool provides dashboards with visibility into
27 historical performance and areas needing intervention, like
28 customer billing anomalies and complaints. With better

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1 visibility into these areas of concern, the Company can
2 more quickly address customer issues, communicate with
3 customers in a more personalized manner specific to their
4 issue and improve the customer experience.

5 Q. Is there overlap between the Customer Data and Analytics
6 Program and DCX?

7 A. No. The Digital Customer Experience program enhances the
8 customer experience on the Company's website, mobile app
9 and other digital channels. The Customer Data and Analytics
10 program, on the other hand, provides internal decision
11 makers with tools, data products and analytics to measure
12 omnichannel customer experiences, identify
13 interdependencies between channels, and enable predictive
14 analytics that identify the best channel through which to
15 engage a given customer. Analytics outputs from the
16 Customer Data and Analytics program can support DCX's
17 strategy and inform future investments, but each program's
18 development work is separate.

19 Q. Does the Company agree with Staff's recommendation to deny
20 the Company's request for one additional FTE?

21 A. No. Removing this FTE would hinder the Company's ability to
22 deliver on the use cases.

23 Q. Does the Company agree with Staff's Agile methodology
24 assertion?

1 A. The Company does not agree with Staff's assertion around
2 Agile methodology. Please see the Software Development
3 Lifecycle Section earlier in the rebuttal for the Company's
4 explanation for why Agile framework does not justify a
5 reduction in the Company's budget request.

6 Q. Did Staff make any other recommendations with respect to
7 the Customer Data and Analytics program?

8 A. Yes. Staff's Consumer Services Panel recommended (pp.82-93)
9 the Company submit annual reports regarding its Data and
10 Analytics program.

11 Q. Does the Company agree with this recommendation?

12 A. The Company is already updating parties about this program
13 through its Strategic Customer Experience reports filed
14 quarterly in Cases 22-E-0064 and 22-G-0065, the most recent
15 of which the Company filed on May 30, 2025.

16 **Grid Asset Reliability and Resilience Data and Analytics**

17 Q. Please explain the Grid Asset Reliability and Resilience
18 Data and Analytics project.

19 A. As discussed in our initial testimony (Exhibit___(IT-9)),
20 Grid Asset Reliability and Resilience Data and Analytics
21 aims to modernize the Company's predictive maintenance
22 program. Specifically, the project will better position the
23 Company to more accurately predict and plan for asset

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1 failures, perform predictive maintenance, and improve fault
2 detection. Key areas of the program include developing
3 analytics use cases around predictive maintenance, fault
4 detection, long-term asset planning, cross-commodity
5 analytics, inspection risk identification, and vegetation
6 management.

7 Q. Please discuss Staff's adjustments to the Grid Asset
8 Reliability and Resilience Data and Analytics project.

9 A. Staff recommended a capital budget of \$7.592 million,
10 \$10.123 million, and \$9.110 million for RY1, RY2, and RY3,
11 respectively, decreasing the overall request by \$11.487
12 million. Staff also recommended an incremental O&M budget
13 of \$0.772 million, \$0.825 million, and \$0.694 million for
14 RY1, RY2, and RY3, respectively, decreasing the overall
15 request by \$2.241 million.

16 Q. What was Staff's justification for its recommendations?

17 A. Staff applies its 70 percent adjustment, claiming three
18 factors. First, Staff states that a reduction in the GIS
19 project budget warrants a reduction in this project's
20 budget. Second, Staff claims an insufficient demonstration
21 of cost avoidance and states that avoided costs arise
22 outside the immediate rate period. Finally, Staff discussed

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1 the alternative approaches provided in the project
2 whitepaper and finds them acceptable.

3 Q. Did any other party recommend adjustments to this program?

4 A. Yes, NYECC rejects the Company's funding request in full.

5 Q. What was NYECC's justification for the adjustments?

6 A. NYECC argues (p. 33) that funding is not necessary because,
7 for example, the Company is already "adequately
8 predict[ing] and appropriately plan[ning] for asset
9 failures ..."

10 Q. Do you agree with the recommendations to reduce or remove
11 the funding for this initiative?

12 A. No, we do not.

13 Q. Do you agree that Staff's proposed reduction to the GIS
14 project warrants a reduction in this project?

15 A. No. The Enterprise GIS project is focused on the third
16 phase of the Company's consolidation of GIS systems and is
17 not related to the use of this data beyond that scope. This
18 project is focused on the development of analytics related
19 to grid asset reliability and resiliency with the goal of
20 enabling better management of electrical faults, preventing
21 safety incidents, and minimizing the risk of outages. GIS

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1 data is an input into these analytics, but the funding of
2 the eGIS project will not deliver the analytics in scope
3 for this program. Further, for the reasons provided in this
4 testimony, the Company does not agree with Staff's proposed
5 reduction to the GIS project.

6 Q. Do you agree with the Staff Panel's claim that cost
7 avoidance has been insufficiently demonstrated?

8 A. No. The Company provided detailed analysis, methodology,
9 and benchmarking for its estimated cost avoidance in
10 response to interrogatory DPS-30-740 from Staff.

11 Q. Do you agree that the alternatives for this project are
12 acceptable?

13 A. No. Staff's discussion of project alternatives presents
14 this effort as an enhancement to existing methods; this is
15 not the case, as this project represents a new effort to
16 build reusable and scalable analyses of the Company's grid
17 assets. This work entails fault detection improvement
18 through the identification of fault signatures in meter and
19 sensor data and will represent a new ability to manage
20 electric faults. This use case will help prevent safety
21 incidents for both employees and customers, and reduce the
22 risk of outages. The Company will integrate weather,
23 customer, and asset data for long-term asset planning. This

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1 will allow for better forecasting of future load
2 requirements and strategic investments in grid
3 infrastructure. This will enable the Company to better
4 anticipate and respond to customer energy needs. These
5 examples illustrate that continuing the program "as-is" is
6 not a viable option.

7 Q. Please comment on NYECC's adjustment rationale.

8 A. The Company does its best to predict asset failures but the
9 predictions can be improved through this project. This is a
10 technology improvement that will better direct work.

11 **Electric Work Management Data and Analytics**

12 Q. Please explain the Electric Work Management Data and
13 Analytics program.

14 A. As discussed in our initial testimony (Exhibit___ (IT-9, pp.
15 54-62)), the Electric Work Management Data and Analytics
16 program will modernize and optimize how electric work is
17 scheduled, dispatched, and completed by leveraging advanced
18 analytics. It aims to improve operational efficiency,
19 safety, and customer experience by enabling predictive job
20 scheduling, automating job verification, and integrating
21 data from multiple systems into a centralized platform. The
22 program supports strategic goals, such as reducing truck

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1 rolls, enhancing crew safety, and aligning with clean
2 energy and electrification initiatives. Ultimately, it
3 seeks to increase work capacity and system reliability
4 while reducing costs and supporting New York State's
5 climate goals.

6 Q. Please discuss Staff's adjustments to the Electric Work
7 Management Data and Analytics project.

8 A. Staff recommended a capital budget of \$4.269 million,
9 \$5.692 million, and \$5.122 million for RY1, RY2, and RY3,
10 respectively, decreasing the overall request by \$6.461
11 million. Staff also recommended an O&M budget of \$418,000,
12 \$588,000, and \$422,000 for RY1, RY2, and RY3, respectively,
13 decreasing the overall request by \$606,000.

14 Q. What was Staff's justification for its recommendations?

15 A. Staff recommended reducing the budget for this program to
16 70 percent of the requested amount because this project is
17 unnecessary to maintain current operational standards and
18 lacked sufficient justification. Staff's claims that the
19 Company did not show that the enhancements, such as
20 streamlining outage management tools, would deliver
21 benefits that outweigh their costs. Staff also claims the
22 Company acknowledged that current restoration processes are
23 adequate.

1 Q. Do you agree with Staff Panel's rationale for its
2 reduction?

3 A. No. While this project may not result in a cost avoidance,
4 the Electric Work Management Data and Analytics program
5 aims improve resource management analytics and enhance
6 safety. These benefits are tied to specific use cases, such
7 as job duration estimates and safety analytics, which will
8 lead to measurable qualitative improvements in planning and
9 scheduling.

10 Q. Please continue.

11 A. Staff misunderstands the alternatives portion of the white
12 paper. The Company explained that alternatives, keeping the
13 program as is or procuring a vendor solution, would lead to
14 siloed data and inconsistent reporting. This would hinder
15 the Company's analytics capabilities and extend development
16 times for new use cases.

17 Q: Does the Company agree that using an Agile framework is a
18 relevant justification for reducing project scope to fit
19 within Staff's recommended budget?

20 A: No. The Company does not agree. Please see the Software
21 Development Lifecycle section earlier in the rebuttal for

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1 the Company's explanation for why Agile framework does not
2 justify a reduction in the Company's budget request.

3 **Forecasting and Planning Data and Analytics:**

4 Q. Please explain the Forecasting and Planning Data and
5 Analytics project.

6 A. As discussed in our initial testimony (Exhibit___(IT-9)),
7 the Forecasting and Planning Data and Analytics project is
8 designed to address the Company's anticipated shortfall in
9 forecasting and planning capabilities as the energy
10 transition accelerates. The project enables the Company to
11 model the impacts of electrification, uptake in clean
12 energy technology, such as DERs, and customer behavior on
13 energy systems - aligning with New York State's CLCPA
14 goals. Ultimately, it aims to reduce uncertainty in
15 forecasting, optimize capital deployment across the
16 commodities, and improve customer experience through data-
17 driven insights.

18 Q. Please discuss Staff's adjustments to the Forecasting and
19 Planning Data and Analytics project.

20 A. Staff recommended that the entire capital funding be
21 denied, decreasing the overall request by \$24.012 million
22 over the three-year period based on the Company request.

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1 Staff also recommended that the entire incremental O&M
2 funding be denied, decreasing the overall request by \$1.893
3 million over the three-year period based on the Company
4 request.

5 Q. What was Staff's justification for its recommendations?

6 A. Staff references three other projects - AMI Sustainability
7 Program; Clean Energy, AMI and DER Data and Analytics
8 Program; and AMI Steady-State - and indicates that these
9 projects receiving partial funding will provide the
10 benefits outlined for this project. Staff also bases its
11 reduction on a perceived lack of evidence that the
12 Company's forecasting or planning capabilities will become
13 inadequate.

14 Q. Do the AMI Sustainability and AMI Steady-State projects
15 Staff cites in its rationale represent either duplicative
16 work or benefits in relation to this project?

17 A. No. The AMI Sustainability and AMI Steady-State projects
18 are focused on the operation of AMI technology systems and
19 AMI devices and network, respectively. Unlike this project,
20 which focuses on the use of the data produced by these
21 systems to enable improved capabilities in system-wide
22 forecasting and planning, the AMI Sustainability and AMI

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1 Steady-State projects focus on the hardening and
2 maintaining the Company's AMI systems.

3 Q. Does the Clean Energy, AMI and DER Data and Analytics
4 Program Staff cited in its rationale represent duplicative
5 work or benefits in relation to this project?

6 A. No. While the Clean Energy, AMI and DER Data and Analytics
7 Program is also focused on analytics and involves the
8 adoption of new grid technologies, it does not target the
9 same insights or outcomes as this project. That project
10 seeks to identify opportunities to encourage the adoption
11 of new grid technologies in support of the State's CLCPA
12 goals. This project is focused on understanding the impact
13 of said adoption for optimal forecasting and sufficient
14 planning and avoid reliability issues, negative customer
15 experiences, or avoidable cost to our customers.

16 Q. Do you agree with Staff's claim that there is insufficient
17 evidence that the Company's forecasting and planning
18 capabilities will become insufficient if this project is
19 not funded?

20 A. No. Staff's claim is contradicted by the findings of the
21 2024 NYISO Reliability Needs Assessment, which clearly
22 outlines that forecasting uncertainty is growing and being
23 driven by state policies and the face of rapid changes in

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1 the energy landscape. The 2024 NYISO Reliability Needs
2 Assessment illustrates that historical trends in load
3 growth will no longer be reliable indicators for future
4 forecasted load growth (New York Independent System
5 Operator. (2024, November 19). *2024 Reliability Needs*
6 *Assessment*
7 (RNA). [https://www.nyiso.com/documents/20142/2248793/2024-
9 RNA-Report.pdf/0fe6fd1e-0f28-0332-3e80-28bea71a2344](https://www.nyiso.com/documents/20142/2248793/2024-
8 RNA-Report.pdf/0fe6fd1e-0f28-0332-3e80-28bea71a2344)).
10 Consequently, the Company needs to evolve its analytics
11 capabilities to meet this need.

11 Q. Do any Public Service Commission orders underscore the need
12 for this project?

13 A. Yes. The Commission's Order (PSC 23-G-0147) on the Con
14 Edison Long Term Gas Plan requires the Company to "perform
15 an optimization process to identify a preferred pathway"
16 and to use that process to develop scenarios for the next
17 long-term plan. Once that effort is completed, this mandate
18 cannot be fulfilled without enhanced data analytics
19 capabilities that support multivariable optimization across
20 electric, gas, and steam systems. Denying this funding will
21 directly undermine the Company's effort to develop tools
22 that deliver the most cost-effective, emissions-reducing

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1 solutions for customers and satisfy its regulatory
2 obligations.

3 Q. Do any other industry groups support the Company's position
4 that forecasting capabilities will become insufficient?

5 A. Yes. The Electric Power Research Institute (EPRI) launched
6 an initiative specifically to address critical gaps in
7 long-term load forecasting (Electric Power Research
8 Institute. (2024, February 14). *Load Forecasting Initiative*
9 *Kickoff Webcast* (p. 13). <https://www.epri.com>, Electric
10 Power Research Institute. (2024, July). *Load Forecasting*
11 *Overview* (p. 2). Electric Power Research
12 Institute. <https://msites.epri.com/lfi>). One of the
13 initiative's core workstreams focuses on developing new
14 methodologies and guidance to incorporate emerging and
15 large-scale loads from DERs and electrification. EPRI
16 emphasizes that forecasting must evolve to track and
17 predict customer adoption and to factor in load
18 flexibility, as technology adoption is advancing rapidly.

19 Q. Are there any other shortfalls in Company capabilities that
20 this project will address?

21 A. Yes. The Company does not currently develop cross-commodity
22 asset investment plans, instead developing separate
23 investment plans for electric, gas, and steam based on the

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1 individual forecasts. It is imperative that we develop
2 tools to optimize investments among electric, gas, and
3 steam. This allows customers to benefit from having three
4 commodities available in a coordinated planning process. In
5 many cases, this coordination will be required to plan for
6 customers' transition from gas to electric consumption.

7 Q. Would you like to address any additional parties in your
8 rebuttal?

9 A. Yes. NYECC claims in its testimony that the Company already
10 uses predictive modelling, electrification impact analysis,
11 and other analytics use cases and, therefore, the funding
12 request for this project should be denied.

13 Q. Do you agree with his assessment?

14 A. No. While the Company has achieved improvements with in-
15 flight efforts, the future use cases demonstrate the
16 ongoing need for further efforts.

17 Q. What factors drive the need for these further efforts?

18 A. The rapid growth of distributed energy resources (DERs) in
19 New York is altering load patterns and challenging the
20 effectiveness of traditional forecasting methods. Due to
21 the highly variable and non-coincident load profiles
22 introduced by DERs, relying solely on a single peak-hour

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1 forecasting approach is no longer adequate. It is essential
2 to transition to a dynamic peak hour, network-level
3 analytical framework. By leveraging analytical
4 capabilities, the Company will be able to proactively
5 adjust its forecasting processes to accommodate the dynamic
6 and decentralized nature of the modern grid.

7 **Clean Energy, AMI and DER Data and Analytics**

8 Q. Please explain the Clean Energy, AMI and DER Data and
9 Analytics project.

10 A. As discussed in our initial testimony (Exhibit___(IT-9)),
11 Clean Energy, AMI and DER Data and Analytics aims to
12 enhance the Company's analytical capabilities to support
13 the clean energy transition. It focuses on developing
14 advanced analytics for distributed energy resources and
15 customer propensity modeling, enabling improved customer
16 engagement. By leveraging data, the project seeks to
17 optimize operational efficiency and promote effective
18 deployment of clean energy solutions.

19 Q. Please discuss Staff's adjustments to the Clean Energy, AMI
20 and DER Data and Analytics project.

21 A. Staff recommended a capital budget of \$5.230 million,
22 \$6.973 million, and \$6.275 million for RY1, RY2, and RY3,

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1 respectively, decreasing the overall request by \$7.919
2 million. Staff also recommended an incremental O&M budget
3 of \$0.533 million, \$0.542 million, and \$0.450 million for
4 RY1, RY2, and RY3, respectively, decreasing the overall
5 request by \$0.654 million.

6 Q. What was Staff's justification for its recommendations?

7 A. Staff claims that certain elements were lacking sufficient
8 justification and evidence. Staff also suggested
9 alternatives, such as continuing the program as-is.

10 Q. Do you agree with the Staff Panel's rationale for its
11 reduction?

12 A. No. The program is essential for supporting the Company's
13 strategic goals related to the clean energy transition, as
14 it enables the integration of advanced analytics for
15 distributed energy resources and customer propensity
16 modeling. The program's capabilities have continuously
17 matured, and while there have been no expenditures since
18 2020 from this program, this does not diminish
19 expenditures, and the value of the analytics developed
20 under other initiatives which resulted in the foundational
21 groundwork for building the analytics platform.

1 Q. Do you agree with Staff's statement that the program
2 contains insufficiently justified elements?

3 A. No. The program emphasizes the necessity for continuous
4 adaptation to new technologies and methods to support the
5 clean energy transition. The Company's current analytics
6 capabilities do not enable us to scale and deliver the
7 analytics needed to meet our clean energy targets
8 effectively. The Clean Energy, AMI, and DER Data and
9 Analytics program is designed to develop advanced analytics
10 that are critical for identifying customer propensity for
11 adopting clean energy solutions.

12 Q. Do you agree with the Staff Panel's statement that there is
13 no evidence to indicate that risk of no action will impact
14 the customer experience?

15 A. No. The risk associated with not implementing the Clean
16 Energy, AMI, and DER Data and Analytics program directly
17 affects customer experience. The program is critical for
18 identifying customers most likely to adopt clean energy
19 solutions, thereby optimizing marketing efforts and
20 improving customer engagement.

21 **Gas Systems Analytics**

22 Q. Please explain the Gas Systems Analytics project.

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1 A. As discussed in our initial testimony (Exhibit __ (IT-9,
2 pp. 80-88)), the project aims to modernize gas analytics
3 across various operational areas within the Company,
4 enhancing capabilities such as predictive maintenance,
5 resource management, and emergency response. By utilizing
6 advanced analytics, the program seeks to improve asset
7 planning and optimize operational efficiencies for a
8 reliable gas network. It supports the transition to clean
9 energy and improved safety for both employees and
10 customers.

11 Q. Please discuss Staff's adjustments to the Gas Systems
12 Analytics project.

13 A. Staff recommended a capital budget of \$2.615 million,
14 \$3.487 million, and \$3.137 million for RY1, RY2, and RY3,
15 respectively, decreasing the overall request by \$3.959
16 million. Staff also recommended an incremental O&M budget
17 of \$0.220 million, \$0.446 million, and \$0.281 million for
18 RY1, RY2, and RY3, respectively, decreasing the overall
19 request by \$0.406 million.

20 Q. What was Staff's justification for its recommendations?

21 A. Staff bases its reduction on a perceived overlap between
22 this project and the existing Gas Applications project.
23 Staff also perceived inadequate justification for deploying

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1 advanced analytics at this time and claims that there is no
2 evidence that the benefits of the new project components
3 will outweigh their costs. Lastly, Staff notes that
4 utilizing the Agile framework allows for modifications to
5 the project scope to align with the recommended budget.

6 Q. Is there overlap between this project and the Gas
7 Applications project?

8 A. No. The Gas Systems Analytics project is complementary to,
9 and does not overlap with, the Gas Applications project;
10 rather, it aims to build upon those improvements by
11 incorporating advanced analytics and AI. For example, the
12 Gas Applications program is the ongoing maintenance of
13 existing Gas applications, such as Gas Central, which is
14 the Company's work and asset management system. The data
15 from Gas Central will be used in the Gas Systems Analytics
16 program to deliver advanced analytics insights.

17 Q. Do you agree with the Staff Panel's rationale for its
18 reduction?

19 A. No. This project is designed to address specific gaps in
20 capabilities, such as predictive maintenance and cross-
21 commodity analytics. This project will leverage data from
22 Gas Central to predict where work will be needed in the
23 future. The Company does not conduct predictive maintenance

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1 capabilities; this project is designed to fill this gap,
2 enhancing reliability and operational effectiveness. The
3 integration of these advanced tools is essential for
4 optimizing operations and enhancing overall system
5 reliability. The requested funding for this program will
6 also enable the Company to incorporate public data sources
7 with internal operational data, providing a more holistic
8 view that can lead to improved decision-making and resource
9 management in a way that is not currently achievable.

10 Q. What are some of the benefits the Gas System Analytics will
11 provide?

12 A. The proposed analytics use cases are expected to enable
13 operational efficiencies through enhancements in predictive
14 maintenance, leak analytics, job scheduling, and cross-
15 commodity analytics. While we currently lack the ability to
16 fully quantify these impacts, specific initiatives like
17 fault repairs could see a 20% reduction in faults.
18 Implementing risk-based predictive maintenance for gas
19 network components is anticipated to further reduce asset
20 and repair costs. Other analytics use cases will also
21 contribute to additional efficiencies through leveraging
22 data to optimize work scheduling, leading to reduced travel
23 and improved job site visits, as well as benefits in

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1 marketing and billing accuracy. Overall benefits will be
2 assessed and quantified as these use cases are rolled out.

3 Q. Does the Company agree with Staff's Agile methodology
4 assertion?

5 A. The Company does not agree with Staff's assertion around
6 Agile methodology. Please see the Software Development
7 Lifecycle Section earlier in the rebuttal for the Company's
8 explanation for why Agile framework does not justify a
9 reduction in the Company's budget request.

10 **Supply Chain Data and Analytics**

11 Q. Please explain the Supply Chain Data and Analytics project.

12 A. As discussed in our initial testimony (Exhibit ___IT-9, pp.
13 106-113)), the Supply Chain Data and Analytics project is
14 designed to modernize and optimize the Company's supply
15 chain operations – including procurement, vendor
16 management, inventory, and warehouse logistics—through
17 advanced analytics and centralized data governance. The
18 project will improve forecasting, automate contract and
19 supplier insights, and enhance operational efficiency,
20 while supporting strategic goals such as cost reduction,
21 risk mitigation, and clean energy readiness. By integrating
22 data from multiple systems and applying tools, like

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1 advanced analytics and AI, the project enables enhanced
2 (i.e., smart, faster, more informed) decision-making,
3 better vendor performance tracking, and more resilient
4 supply chain planning.

5 Q. Please discuss Staff's adjustments to the Supply Chain Data
6 and Analytics project.

7 A. Staff recommended a capital budget of \$3.087 million,
8 \$4.117 million, and \$3.704 million for RY1, RY2, and RY3,
9 respectively, decreasing the overall request by \$4.675
10 million. Staff also recommended an incremental O&M budget
11 of \$0.277 million, \$0.399 million, and \$0.252 million for
12 RY1, RY2, and RY3, respectively, decreasing the overall
13 request by \$0.397 million.

14 Q. What was Staff's justification for its recommendations?

15 A. Staff applies its 70 percent methodology, claiming a lack
16 of comprehensive justification for the proposed expenses.
17 Staff emphasizes the necessity for a thorough cost-benefit
18 analyses to demonstrate that the investments would yield
19 tangible enhancements in supply chain efficiency and
20 effectiveness.

21 Q. Did any other party recommend adjustments to this program?

22 A. Yes. NYECC rejects the Company's funding request in full.

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1 Q. What was NYECC's justification for the adjustments?

2 A. NYECC argues (p. 34), in essence, that the status quo is
3 acceptable and that the requested investments are
4 unnecessary, concluding, without details or analysis that
5 "the Company's current analytics capabilities meet its
6 current needs."

7 Q. Do you agree with the Staff and NYECC's rationale for its
8 reduction?

9 A. No. Staff bases its reduction on the estimated avoided
10 costs of \$2-\$4 million, which it considers inadequate to
11 offset the \$4.4 million capital and \$0.395 million O&M
12 requests in RY1 - prompting a recommendation for budget
13 reduction and a refocusing of efforts—under the Agile
14 framework—on automations expected to yield the greatest
15 cost avoidance.

16 Q. Are avoided costs the only benefit of the program?

17 A. No. Beyond the financial impacts, benefits of the program
18 to the Company and its customers include:

19 • Improved Vendor and Employee Experience: By automating
20 repetitive tasks and enhancing data accessibility, the
21 program reduces manual workload and enables employees to
22 focus on higher-value activities, improving overall job
23 satisfaction and vendor interactions. This is critical now

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1 as current processes rely heavily on manual data
2 collection, introducing the risk of inefficiencies and
3 inconsistent reporting.

- 4 • Enhanced Decision-Making: Centralized and standardized data
5 analytics provide deeper insights, enabling better
6 forecasting, planning, and strategic decision-making across
7 supply chain operations. This is especially important now,
8 as siloed data environments hinder the Company's ability to
9 leverage analytics effectively.
- 10 • Support for Clean Energy Transition: The program
11 facilitates the onboarding and management of vendors for
12 clean energy solutions.
- 13 • Increased Operational Resilience: The program strengthens
14 the Company's ability to respond to supply chain
15 disruptions by enabling proactive risk assessment and
16 further diversification of our supply base.
- 17 • Promotion of Supplier Diversification and Community Impact:
18 By incorporating supplier diversification and risk
19 assessment models, the program supports procurement from
20 small, local and diverse businesses.

21 **Enterprise Data & Analytics Foundations**

22 Q. Please explain the Enterprise Data & Analytics Foundations
23 project.

24 A. As discussed in our initial testimony (Exhibit __ (IT-9,
25 pp. 63-70)), the Enterprise Data & Analytics Foundations
26 project will enhance and modernize the Company's analytics
27 capabilities. The Company will have better ways to handle

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1 data, follow regulatory and governance standards, and help
2 different programs by using a cloud system that is both
3 scalable and saves costs.

4 Q. Why is this project necessary?

5 A. Currently, analytics are being delivered in a siloed manner
6 across the Company. This project creates a single, unified
7 and governed Enterprise Data Analytics Platform (EDAP) that
8 will centralize efforts across business units.

9 Q. Please discuss Staff's adjustments to the Enterprise Data &
10 Analytics Foundations project and provide any historical
11 spend where applicable.

12 A. Staff recommended reducing the proposed budget to 70
13 percent of the Company's request. This equates to a capital
14 budget of \$6.714 million, \$6.822 million, and \$5.476
15 million for RY1, RY2, and RY3, respectively, decreasing the
16 overall request by \$8.147 million. Staff also recommended
17 an incremental O&M budget of \$1.916 million, \$1.846
18 million, and \$0.273 million for RY1, RY2, and RY3,
19 respectively, decreasing the overall request by \$1.729
20 million.

21 Q. What was Staff's justification for its recommendations?

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1 A. Staff bases its reduction primarily on the premise that its
2 recommended adjustments to other projects in the Enterprise
3 Data & Analytics project portfolio warrant a reduction to
4 this project.

5 Q. Do you agree with the Staff Panel's rationale for its
6 reduction?

7 A. No. Staff's proposed budget changes for other projects
8 affect the number of data integrations and analytics use
9 cases delivered but would not change the Company's need for
10 basic platform capabilities. Funding the Enterprise Data &
11 Analytics (ED&A) Foundations project will enhance
12 operational efficiency and strategic decision-making,
13 including improved data integrity and accelerated analytics
14 development.

15 Q. Do you agree with the methodology of Staff's reduction in
16 capital and incremental O&M?

17 A. No. As referenced in the Capital and O&M Costs in IT
18 Projects Section of the rebuttal, the capital funding
19 request supports foundational technology investments in the
20 ED&A Foundations whitepaper. The incremental O&M request is
21 associated with supporting the platform, including
22 increasing data volumes from new and existing data sources.
23 This means that the need for incremental O&M is not tied

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1 directly to the capital requested, and a reduction in
2 capital funding will not reduce the need for O&M funding.
3 Therefore, each budget should be assessed separately.

4 Q. Do you agree with Staff's assertion that there is no
5 evidence to indicate reducing investment in the program
6 will diminish the Company's current analytic capabilities?

7 A. No. This project aims to build a solid data, technology,
8 operations, and governance foundation for analytics.
9 Reducing the program prevents the Company from improving
10 current processes and adopting new technologies that meet
11 customer expectations.

12 Q. Do you agree with Staff's assertion that there is no
13 evidence indicating that the benefits arising from the
14 proposed project element will outweigh the costs?

15 A. No. The Company expects to realize the following benefits
16 with this project:

17 1. Centralized Data Platform: Unifying enterprise data
18 under a governed framework allows for a single source
19 of truth to be reused across organizations and
20 analytics projects, reducing the Company's overall
21 expenditures on analytics platforms.

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1 A. As discussed in our initial testimony (Exhibit___(IT-9)),
2 Data and AI Governance is an ongoing program which provides
3 foundational data management capabilities to the Company
4 including but not limited to:

- 5 • a data governance framework inclusive of maturity-based
6 operating models and related processes;
- 7 • an enterprise data catalog and quality monitoring tool;
8 and, most recently,
- 9 • a proposed risk-based AI governance framework to develop
10 guardrails as the Company explores the use and usefulness
11 of AI.

12 Q. Please discuss Staff's adjustments to the Data and AI
13 Governance project.

14 A. Staff recommended a capital budget of \$3.15 million, \$2.8
15 million, and \$2.45 million for RY1, RY2, and RY3,
16 respectively, decreasing the overall request by \$3.6
17 million. Staff also recommended an O&M budget of \$600,000,
18 \$266,000, and \$415,000 for RY1, RY2, and RY3, respectively,
19 decreasing the overall request by \$550,000.

20 Q. What was Staff's justification for its recommendations?

21 A. Staff notes that recommended reductions to budgets
22 associated with AI projects and programs implies a
23 reduction of work associated with AI governance. It claims
24 that reductions or denials to initiatives which would grow

1 the Company's volume of data in turn reduces the need for
2 this project. Additionally, Staff indicates that while the
3 project's whitepaper lists poor data quality as a risk,
4 there is no evidence that without this program, Company
5 data quality will decrease. Lastly, Staff notes that
6 because the program is operating within the Agile project
7 management framework, we can scale down scope to fit within
8 the recommended budget.

9 Q. Do you agree with the Staff Panel's rationale for its
10 reduction?

11 A. No. The Data and AI Governance program is a foundational
12 program enabling improvements to data management practices
13 and maturity across the Company's data footprint. The
14 program provides enterprise capabilities and support for
15 all data and related processes and programs including
16 privacy, clean energy initiatives inclusive of regulatory
17 requirements and critical infrastructure data, data
18 sharing, and AI.

19 Q. Do you agree with Staff's assertion that a reduction of AI
20 work would correspondingly reduce scope for AI Governance?

21 A. No. AI Governance builds a foundational framework and
22 capabilities which apply to AI activities regardless of
23 scale or volume and is critical for trusted and safe AI

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1 enablement. This includes the clear definition of
2 organizational structures, roles and responsibilities
3 across IT and stakeholders, a demand management process for
4 AI project intake, assessment and prioritization, and
5 protocols and standards for AI development, deployment and
6 monitoring, reporting and other program components.

7 Q. Do you agree with Staff's assertion that reductions in
8 other projects reduce data volumes reduce the need for this
9 program?

10 A. No. Even if the amount of data decreases (which we do not
11 expect), we still need to undertake basic data governance
12 functions. For example, the Company still needs to
13 populate an enterprise data catalog, facilitate processes
14 and practices to drive quality, secure data, and provide
15 standards, policies and guidance to promote responsible
16 data use. All data assets created and managed by the
17 Company must be governed to continuously drive data
18 maturity for the enterprise and mitigate data-related
19 risks.

20 Q. Do you agree with Staff's assertion that the identified
21 Risk of No Action will not be mitigated by this program?

22 A. No. This program promotes good quality data as a
23 foundational practice and will raise the levels of data

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1 accuracy, interoperability, and observability across the
2 Company. It also puts processes in place which aid swift
3 identification and remediation of emerging data issues,
4 such as mismatches between customer records across systems,
5 which are important for continuously maintaining quality.

6 The proliferation of data across the Company will continue
7 to accelerate, regardless of reductions or delays of
8 projects proposed in this rate case. The amount of
9 technical debt and associated risk will rise, and the
10 overall quality of data across the Company will continue to
11 be at risk of declining. This highlights the need for
12 widespread data governance to mitigate this risk.

13 Q. Do you agree with Staff's assertion that utilizing the
14 Agile framework should allow the program to scale down and
15 manage funding reductions easily?

16 A. No. The Company does not agree. Please see the Software
17 Development Lifecycle Section earlier in the rebuttal for
18 the Company's explanation for why Agile framework does not
19 justify a reduction in the Company's budget request.

20 **Integration Technical Obsolescence**

21 Q. Please explain the Integration Technical Obsolescence
22 project.

1 A. As discussed in our initial testimony (Exhibit __ (IT-9,
2 pp. 89-96)), Integration Technical Obsolescence focuses on
3 replacing the Company's foundational technology for system
4 integrations (Microsoft's BizTalk), which will no longer be
5 supported by Microsoft in early 2030.

6 Q. What is the scope of the project?

7 A. With over 1,400 integrations built on this product, the
8 impending end-of-life of the technology necessitates that
9 the Company start to re-architecture its integrations onto
10 a new software platform so that critical data flows between
11 systems remain operational once the support for this
12 product ends.

13 Q. What is the risk of not upgrading the integrations to the
14 new platform?

15 A. Failing to undertake this work now will cause the Company
16 to continue to use the existing tool for integrations
17 without support, including essential security updates or
18 necessary patches. This situation poses a significant risk
19 of cyber-attacks and other operational failures, making it
20 imperative to upgrade the platform.

21 Q. Why are system integrations required?

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1 A. System integrations are required because they enable
2 seamless communication and collaboration between different
3 software applications and platforms. By integrating
4 systems, organizations can streamline workflows, reduce
5 manual data entry, and ensure data consistency across
6 various products.

7 Q. Please discuss Staff's adjustments to Integration Technical
8 Obsolescence project.

9 A. Staff recommended a capital budget of \$23.380 million,
10 \$23.380 million, and \$23.380 million for RY1, RY2, and RY3,
11 respectively, decreasing the overall request by \$30.060
12 million. Staff also recommended an O&M budget of \$2,121
13 million, \$2,829 million, and \$4,226 million for RY1, RY2,
14 and RY3, respectively, decreasing the overall request by
15 \$3.933 million.

16 Q. What was Staff's justification for its recommendations?

17 A. Staff applies its 70 percent adjustment methodology,
18 claiming that the project includes elements deemed
19 unnecessary for maintaining current operational standards.
20 While Staff acknowledges that the system requires
21 additional capacity to remain functional, Staff claims
22 there is no evidence to support the need for an extensive
23 due diligence review in selecting a future-proof

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1 integration platform. Furthermore, Staff points out that
2 since the scoping for the project is only 25 percent
3 complete, the scope can be reduced to align with the
4 recommended budget. Additionally, Staff claims (pp. 45-46)
5 that this project is an example as to where the work plan
6 does not justify the category designation but then goes on
7 to question not the category but rather the thoroughness of
8 the review for picking a product.

9 Q. Do you agree with the Staff Panel's rationale for its
10 reduction in relation to maintaining current operational
11 standards?

12 A. No. This project will pick a new technology for all Company
13 system integrations as the existing technology will no
14 longer be vendor supported as of 2030. Any integration
15 still operating on the outdated platform will lack vendor
16 support and will not receive essential security patches,
17 exposing these integrations to vulnerabilities and
18 potential operational impacts. Although the product will
19 differ, the functionality delivered will remain unchanged,
20 thereby maintaining current operational standards.

21 Q. Do you agree that there is no evidence to indicate why such
22 an extensive due diligence review is necessary for
23 selecting a replacement for BizTalk?

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1 A. No. It is important to sufficiently evaluate current
2 industry platforms, costs, ease of use, and implementation
3 when selecting products with required technical
4 capabilities and sustainability, avoiding the need to
5 revisit this critical decision for many years. Given the
6 function being performed, critical integrations with
7 throughputs of 5,000 concurrent transactions (and the need
8 to increase that number over time), this is one of the
9 Company's more important system changes. Doing it without
10 appropriate due diligence would be problematic and likely
11 questioned by Staff.

12 Q. Do you agree with the Staff Panel's assertion that the
13 project's scope can be reduced since only 25 percent of the
14 scoping is complete?

15 A. No. To decommission Biztalk by 2030, we will need to
16 aggressively work through the integration inventory. A
17 scope reduction means leaving integrations on the expiring
18 BizTalk platform and exposing them to the risks noted
19 above.

20 Q. Is Staff correct when it claims (pp. 45-46) that this
21 project is an example as to where the work plan does not
22 justify the category designation?

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1 A. No. As explained, the number of integrations and the
2 number of transactions mandates the type of review to be
3 undertaken.

4 **Data Integration Modernization**

5 Q. Please explain the Data Integration Modernization project.

6 A. As discussed in our initial testimony (Exhibit__ (IT-9, pp.
7 44-53)), Data Integration Modernization is essential for
8 establishing an enterprise data publishing system, known as
9 the Data Distribution Hub. The Data Distribution Hub
10 centralizes and consolidates data from across the Company,
11 making it accessible in a consistent fashion. By making
12 this data readily available, the business can be more
13 anticipatory rather than reactionary in their operations.
14 It is built upon Oracle technology, currently in
15 production, and requires upgrades to stay current. Given
16 the five-year lifespan of the Oracle hardware, it is
17 imperative that we upgrade to the most recent version of
18 the system to maintain performance, reliability, and
19 security, thus safeguarding our data infrastructure.

20 Q. Why are data integrations required?

21 A. Data integrations are required to enable the seamless flow
22 of information between different systems and applications,

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1 keeping the data consistent, accurate, and readily
2 accessible. By integrating data, organizations can
3 eliminate silos, reduce redundancy, and improve
4 collaboration across departments. For example, employees
5 can access information without having to manually transfer
6 or duplicate data. Additionally, data integrations support
7 better decision-making by providing a comprehensive view of
8 business metrics and insights, allowing leaders to make
9 informed choices based on real-time data. Overall, data
10 integrations are crucial for optimizing processes,
11 enhancing productivity, and driving strategic growth.

12 Q. Please discuss Staff's adjustments to Data Integration
13 Modernization budget.

14 A. Staff uses a three-year linear forecast to recommend a
15 capital budget of \$2.823 million, \$2.956 million, and
16 \$3.089 million for RY1, RY2, and RY3, respectively,
17 decreasing the overall request by \$7.632 million. Staff
18 also recommended an O&M budget of \$1.576 million, \$13,000,
19 and \$6,000 for RY1, RY2, and RY3, respectively, decreasing
20 the overall request by \$957,000.

21 Q. What was Staff's justification for its recommendations?

22 A. Staff bases its reduction on its statement that this
23 project fits in the strategic category rather than the

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1 operationally required category, quoting several sections
2 from the original white paper. Staff states that there is
3 no evidence that the benefits of this project will outweigh
4 the costs. Staff also states that the original white paper
5 makes note of cost savings but the response to DPS-25-596
6 states there will not be any cost avoidance.

7 Q. Do you agree with the Staff Panel's rationale for its
8 reduction?

9 A. No. The Data Distribution Hub delivers essential
10 operational data, including customer billing information
11 and AMI data, to the necessary systems. Without these data
12 feeds, critical efforts such as OPower, Integrated Energy
13 Data Resource, and Customer Distributed Generation will not
14 receive the Company data necessary to support their
15 functions.

16 Q. Are there additional benefits the Company receives from
17 Data Distribution Hub?

18 A. Yes. Expanding Data Distribution Hub will allow other
19 systems to use the platform. This expansion will enable
20 greater data accessibility and facilitate the integration
21 of operational data without burdening the source systems,
22 preserving the performance of our operational
23 infrastructure.

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1 3, respectively. This resulted in a total recommended
2 capital budget of \$3.952M, which is a reduction of \$1.695M
3 from the initial request.

4 Q. What was Staff's justification for its recommendations?

5 A. Staff claims the program contains inadequately justified
6 project elements that the benefits do not significantly
7 outweigh the costs because Staff has approved funding for
8 Law, IT, Customer Operations, Supply Chain, and Emergency
9 Preparedness projects that include automations in their
10 current scope of work, making this effort unnecessary.

11 Q. Do you agree with Staff's rationale that this effort is
12 unnecessary because Law, IT, Customer Operations, Supply
13 Chain, and Emergency Preparedness have automations included
14 in their current scope of work?

15 A. No. The projects referenced are different. For example,
16 Customer Operation's project discusses updating the code to
17 optimize it to Power Automate, which is not included in
18 this effort's scope. Law, Supply Chain, Emergency
19 Preparedness, and Finance requests to build net new
20 automations in the Power Platform which is a separate
21 effort. There are two efforts outlined in this whitepaper:

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1 1) Migrating the inventory of automations from the current
2 automation platform Blue Prism to Microsoft's Power
3 Platform.

4 2) Setting up a CoE to provide the structure so that others
5 in the organization can safely build applications and
6 automations.

7 Q. Why is a Center of Excellence Required?

8 A. Without a centralized governance model, disparate teams may
9 implement automation in silos, increasing the risk of data
10 breaches, broken applications, and orphaned processes when
11 employees leave the Company. The CoE mitigates these risks
12 by enforcing standards, managing connector usage, and
13 ensuring proper application lifecycle management and
14 ownership.

15 Q. What are the risks of reducing or delaying the scope of
16 work?

17 A. Reducing or delaying the scope of this work would result in
18 unmanaged applications, inconsistent data and processes,
19 and increased exposure to cybersecurity vulnerabilities.
20 Business users would be able to connect to other platforms
21 that would put company information at risk and critical
22 applications and automations would go unmanaged without

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1 dedicated support to fix them. The longer the delay, the
2 more entrenched these risks become, making future
3 remediation more costly and complex.

4 **Concerns and Recommendations from New York City**

5 Q. Did NYC raise any additional concerns, beyond the
6 adjustments recommended to specific projects/programs that
7 are discussed above?

8 A. Yes. The City Electric Infrastructure Panel raises
9 thematic concerns about the Company's IT Project and
10 programs (pg. 34-35) which include:

- 11 • Premature Funding Requests
- 12 • Lack of Detailed Cost-Benefit Analyses
- 13 • Insufficient Justification for Cost Escalations
- 14 • Unclear Scope and Cost Allocation
- 15 • Potential Strategic Misalignments

16 Following a number of program specific adjustments, which
17 are discussed herein, the City makes the following
18 recommendations to the Commission, based on these concerns
19 (pp. 44-45):

- 20 • Defer Significant Funding Pending Planning Completion
- 21 • Require Robust Cost-Benefit Analyses
- 22 • Demand Substantiation for Cost Escalations
- 23 • Ensure Granular Cost Allocation and Scope Clarity

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- 1 • Reconcile Strategic Misalignments
- 2 • Justify Scope Beyond Baseline Needs
- 3 • Validate Necessity of Large Strategic Programs
- 4 • Strengthen FTE Justifications

5 Q Does the Company agree with the City's concerns and
6 recommendations?

7 A. No. Proper planning is needed to manage and operate
8 reliable, resilient, and secure IT infrastructure and
9 applications. Detailed estimates and scoping materials may
10 not always be available for all work when we make our rate
11 case filings since the dates of those filings and
12 application end dates are not aligned and some of our work
13 is planned to begin two to three years out from the filing
14 date. For example, even though the GIS platform will not be
15 out of support until 2028, we have included a funding
16 request to address the issue in this rate case. If funding
17 is not secured in the current rate case, the platform is at
18 risk, resulting in potential operational performance,
19 stability and security issues. Scoping and estimate
20 refinement occur over the course of time, but that this
21 does not mean that the amount of scoping and cost estimate
22 information provided at the time of filing is insufficient
23 to properly evaluate the request. As stated earlier in
24 testimony, we leverage our existing platforms, experience,

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1 benchmarking with other utilities and consultants to build
2 estimates and our planning processes apply appropriate
3 contingency levels for the unknowns, similar to any
4 construction project.

5 Q. What about the two specific projects that the City refers
6 to in their discussion of these issues?

7 A. Both the Finance and Supply Chain Transformation Project
8 and the Customer Care and Billing upgrade projects will go
9 through a Phase 0. However, as previously stated, rate case
10 filings and application needs don't necessarily align.
11 Funding must be secured to perform necessary work. The
12 spend for each project will be reported to the Public
13 Service Commission on a quarterly basis, where Staff and
14 parties will have the opportunity to review and, as needed,
15 inquire on project details.

16 Q. Please continue.

17 A. The Company has provided a robust record of information
18 regarding these initiatives via the project/program white
19 papers that accompanied testimony and throughout the
20 discovery process. We would further note that the Company's
21 funding request reflects our "baseline" needs. We have
22 provided ample information that justifies the scope of work

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1 we are requesting funding for. The City's call for
2 additional substantiation of cost escalations and FTE
3 justifications would seem to suggest that they, and all
4 other parties, have not had ample opportunity to request
5 additional information regarding these topics. This is not
6 the case, as evidenced by the over 2,200 discovery
7 responses that the Company has provided to parties to date
8 in this rate case.

9 Q. What about the City's issues and recommendations regarding
10 detailed cost benefit analyses?

11 A. Detailed cost benefits are typically provided for our
12 larger strategic IT initiatives (e.g., eGIS, OMS, Fixed
13 Asset and Tax Accounting Transformation, Supply
14 Chain/Financial Platforms). Furthermore, the Company again
15 notes that cost avoidance/reductions are not a primary
16 driver for most of our IT work and detailed CBAs are not
17 intrinsic to the overall business cases for this work. In
18 addition, many IT projects deliver benefits that are
19 difficult to quantify in financial terms. Some IT
20 investments—especially those in infrastructure, data
21 platforms, or cybersecurity—are foundational. Their
22 benefits accrue over time and across multiple systems or
23 departments. As such, the value may not be realized until a

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1 future event (e.g., a cyberattack is prevented, or a new
2 regulation is met without disruption). These benefits are
3 real but speculative or contingent, making them hard to
4 model with precision.

5 Q. And finally, what about the strategic misalignments that
6 the City refers to?

7 A. This appears to mostly be driven by the dynamic tension
8 that exists between on-premises and cloud solutions, and
9 the work needed to safely transition from one to the other,
10 and the City speaks to this issue specifically as it
11 relates to our Mainframe Exit program. Although cloud is a
12 planned initiative, migrations can take years to complete.
13 As such, on-premises data centers and applications need to
14 be supported until applications are re-platformed or
15 retired and this will take time to achieve. In addition, a
16 limited number of applications, such as SCADA, will remain
17 on premise for the foreseeable future and these must also
18 be properly maintained.

19 Q. Does this conclude the IT Panel's rebuttal testimony?

20 A. Yes.